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ANNUAL REPORT



NORTH CAROLINA DEPARTMENT OF STATE TREASURER

FISCAL YEAR
1976-1977



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NORTH CAROLINA DEPARTMENT OF STATE TREASURER

FISCAL YEAR
1976-1977



HARLAN E. BOYLES
State Treasurer
325 N. Salisbury Street
Raleigh, North Carolina 27611

April, 1978

The Honorable James B. Hunt, Jr.
Governor of North Carolina
The Advisory Budget Commission and
The General Assembly

Gentlemen:

It is my pleasure, as well as my duty, to deliver to you the 1976-77 fiscal year Report of the Treasurer of North Carolina.

The financial health of the State and of the retirement systems is uniformly excellent. The wisdom and efficiency of policies adopted and implemented by my predecessors are reflected in the recognition given the quality of the bonds issued by our State and local governments. That quality is evidenced by the fact that the bonds have a ready market, are highly rated, and consistently bear the lowest interest rates available in the market place. I have followed and will continue to follow these successful policies.

I would be remiss if I did not recognize the invaluable contributions to the State and its people of my immediate predecessor in Office, Mr. Edwin Gill. During many years of association, Mr. Gill was both my mentor and my friend. Those years of association and, most recently, my responsibilities as Treasurer, have made me realize - perhaps more than most - the true measure of the man and the true worth of his service to the public. He was, indeed, a proud servant of the public in the highest and best sense of that term. He was, and is, the soul of probity and truth. The fixed goal of his terms in Office was to maintain and enhance the fiscal soundness of the State. His success is self-evident - because few, if any, states enjoy so great a reputation in the financial centers of this Nation as does the State of North Carolina. I know the man and his works, and it is my sincere pledge to the people that I will continue in his tradition.

Sincerely,

A handwritten signature in dark ink, reading "Harlan E. Boyles".

Harlan E. Boyles
State Treasurer



HARLAN E. BOYLES
*State Treasurer
of North Carolina*

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INTRODUCTION

The Department of State Treasurer is dedicated to providing financial leadership to State agencies, institutions and departments, and encouraging sound fiscal practices within the political subdivisions of the State. The Treasurer, in conjunction with other constitutional officers, is responsible for the fiscal affairs of the State within the system of checks and balances.

Substantial organizational changes were made in the Department of State Treasurer during fiscal year 1976-77 which will greatly assist the Treasurer in performing his duties as banker for the State, as manager of the State debt, and as administrator of the retirement systems. Increases in computer and other electronic data processing capability will further increase the speed and accuracy with which the Department fulfills its responsibilities. This is particularly true with respect to the management of the State's investments, to the State's banking operations, and to services for retired and disabled State employees.

As the banker for the State, the Treasurer has custody of the revenues which accrue from all sources. The earnings on the investments are substantial and serve to increase revenues for governmental services at no additional cost to the taxpayers. The realization of fifty-five million dollars (\$55,000,000) in investment income during fiscal year 1976-77 is the measure of the success of the investment program. Twelve million dollars (\$12,000,000) accrued to the Highway Fund, and the general fund earned forty-three million dollars (\$43,000,000). These earnings, together with the low interest rates on North Carolina bond issues, have resulted in substantial savings and benefits to citizens of this State.

The Treasurer functions as the public debt manager and fiscal consultant to the State and the political subdivisions. Through the Local Government Commission, direct control is exercised over the authorization and sale of bonds and notes for all local units. Since the Great Depression of the early thirties, all bond issues have been honored as scheduled. The centralization of the bond functions within the Office of the Treasurer has been instrumental in achieving the high credit ratings awarded to North Carolina governmental activities.

The third function of the Department is to administer the retirement systems for State employees, teachers and employees of member local units. These programs help insure the employment and retention of quality personnel and assist in providing for their financial security upon retirement. The funds of the various retirement systems are invested by the Department, and the interest income on these investments is credited directly to each retirement system. The effect of this is to reduce the total contributions of both the employees and the State or local units required to maintain the financial soundness of each system.

Both the Teachers' and State Employees' Retirement System and the Local

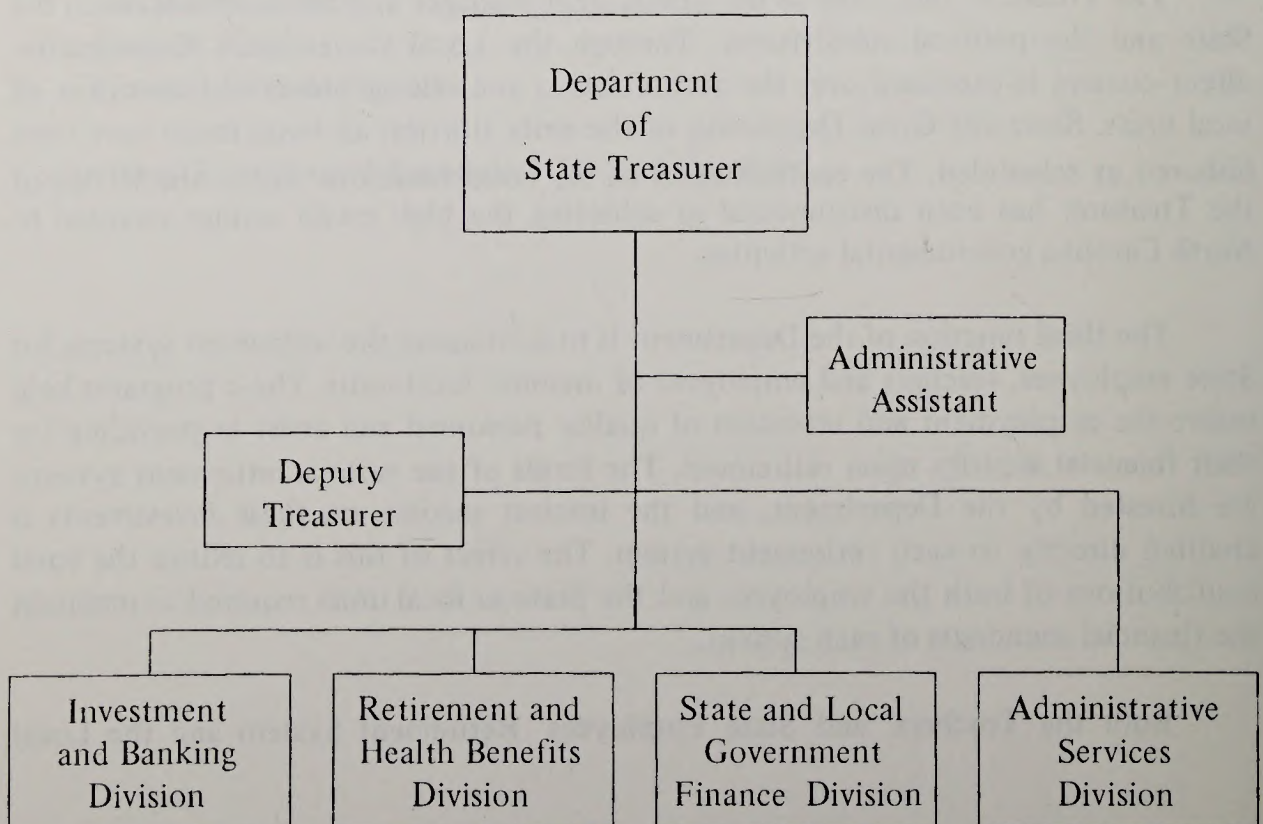
Governmental Employees' Retirement System continue to enjoy an enviable record of fiscal soundness. During the calendar year of 1977, the State Retirement System had investment earnings of over two hundred ninety-seven million dollars (\$297,000,000), and the investment earnings of the Local Retirement System for the same period were over forty-two million dollars (\$42,000,000). These earnings help to insure that members of the retirement systems will receive a well-deserved income supplement during their retirement years.

The strength of the government of North Carolina is a tribute to soundness of our historical philosophy of fiscal conservatism. The State Treasurer is in a unique position to exercise influence over the vital monetary policies of North Carolina. By adopting policies which require uncompromising fiscal integrity at every level of government, from the State to the smallest local unit, the State Treasurer makes an important contribution to the financial security and stability of North Carolina, its resources and its people.

ORGANIZATION

During the closing period of the fiscal year, a new structure of organization was devised. By the end of June the plan was officially implemented on a Departmental basis. The major facets of the organizational plan consisted of the formalization of the operating entities and the assignment of functional roles. Many responsibilities were realigned in an effort to provide an appropriate framework under which the constitutional and statutory duties of the State Treasurer could be effectively conducted.

Chart 1 - Organization



The following describes the Office of the Treasurer and its divisions and indicates the statutory authority under which the functional entities operate.

The Office of the Treasurer

The Office of the State Treasurer or its historical equivalent has existed since 1715, some sixty-one years before the Declaration of Independence. In 1784 provision was made for a single Treasurer elected by the General Assembly. The Treasurer was first elected by popular vote in 1868.

The Treasurer derives his basic authority from the State Constitution (Article 3, Section 7 and General Statutes Chapter 147, Article 6). He is specifically responsible for the receipt, custody and disbursement of all monies of the State. He is also required to have sufficient funds to meet all financial obligations as they arise. The Treasurer is the manager of the public debt and the fiscal consultant of the State. These functions extend to all political subdivisions. Certain ex officio functions are inherent in the Office of the State Treasurer.

The Treasurer is the Chief Executive Officer of the Department of the Treasurer.
Authorized Personnel: 4

Divisions of the Department

The Investment and Banking Division. The Investment and Banking Division is delegated the responsibility of complying with the investment directives of the State Treasurer, including the investment of Treasurer's Fund Balances and Trust Funds. The Director, under the supervision of the Treasurer, performs the functions outlined in G. S. Chapter 147. The Director is accountable for all monies held in trust or on deposit. He supervises all disbursement of State monies, including payments for State warrants and for interest and principal on the State general obligation debt. The Division maintains custody of securities for other governmental agencies. Authorized Personnel: 25

The Retirement and Health Benefits Division. The Retirement and Health Benefits Division is composed of four operating sections and a planning staff. It is organized under a Board of Trustees which is responsible for administering the retirement systems subject to the appropriate statutes (G. S. Chapter 120 - Legislative Retirement Fund; G. S. Chapter 128 - Local Governmental Employees' Retirement System; G. S. Chapter 135 - All other retirement systems). The Social Security Agency and Health Benefits Section are integral parts of the Retirement Division and operate under the North Carolina Statutes (G. S. 135, Article 2 - Social Security; G. S. 135, Article 3 - Health Benefits). Management control and general supervision of the retirement function were granted to the State Treasurer by the Executive Reorganization Act of 1971. The Treasurer serves as Chairman of the Board of Trustees. Authorized Personnel: 90

The State and Local Government Finance Division. The State and Local Government Finance Division derives its authority for local bond authorization and sales, under G. S. Chapter 159, through the Local Government Commission. All general obligation bonds of the State of North Carolina are also sold by the staff of the Division. Accounting advisory and management services are provided to local units of government, public authorities and public school systems. The Escheat Fund is administered by the Director. Authorized Personnel: 25

The Administrative Services Division. The Administrative Services Division operates in administrative and logistic support roles for all elements of the Department. It performs special staff and technical functions for the Treasurer and assists the various division directors with developmental, operational and administrative matters. Departmental operations are under the jurisdiction of the Director, as are all facets of the administration of the budget. Authorized Personnel: 34

Chart 2

EX OFFICIO FUNCTIONS OF THE STATE TREASURER

The State Treasurer is a member ex officio of public policy bodies. The following listing indicates those of major importance:

<u>Public Body</u>	<u>Treasurer's Position</u>	<u>Authority</u>
Council of State	Member	N. C. Constitution Article III, Section 8
Local Government Commission	Chairman	G. S. Chapter 159-3
The State Banking Commission	Chairman	G. S. Chapter 53-92
Boards of Trustees-Retirement Systems	Chairman	G. S. Chapter 135-6 (g)
Tax Review Board	Chairman	G. S. Chapter 105-269.2
Board of Education	Member	N. C. Constitution Article IX, Section 4
Capital Planning Commission	Member	G. S. Chapter 143B-373
N. C. Capital Building Authority	Member	G. S. Chapter 129-40
N. C. Art Society, Inc.	Member	G. S. Chapter 143B-89

Chart 3

KEY PERSONNEL

Harlan E. Boyles	State Treasurer
Dan E. Ray	Deputy Treasurer
Christopher S. Moore	Deputy Treasurer and Director, Investment and Banking Division
William H. Hambleton	Deputy Treasurer and Director, Retirement and Health Benefits Division
James C. Moore	Deputy Treasurer and Director, Administrative Services Division
John D. Foust	Deputy Treasurer and Director, State and Local Government Finance Division

THE ADMINISTRATIVE SERVICES DIVISION

The Administrative Services Division supports the Department of State Treasurer. As the administrative arm of the State Treasurer, it provides a broad array of services relating to budget, personnel, electronic data processing, staff services, purchase and supply and other support functions.

The Director of Administrative Services is charged with the responsibility for the Departmental budget. He prepares, presents and administers the total budget and monitors divisional spending to assure adherence to the financial plan. The budget for the fiscal year ended June 30, 1977 was \$3,310,147.01. Further details are in Exhibit A. The Director also provides certain technical and specialized support to all echelons of the Department. These support services vary from routine matters involving the publication of an in-house informational digest to the development of systems and procedures utilized within each operating division.

A major function of the Division is the operation of the computer system. The system was initially established in 1975, before which time the services were performed under contract by another State agency. On March 1, 1977 the computer operation was merged with the in-house data entry function to provide integrated service to the operating divisions of the Department. Significant progress was made during the fiscal year to broaden total Electronic Data Processing services. The following programs are among those which were instituted:

- Retiree payroll deduction of Blue Cross/Blue Shield premiums

- Computerization of monthly payments for all salary disability continuations to recipients.

- Computerization of the bond investment portfolio.

- Reprogramming the check clearing operation to speed reconciliation procedures.

Several other important services which were provided by the Division of Administrative Services during the period of this report may be summarized as follows:

- An organizational study of one of the divisions was performed. It outlined some of the ramifications of the internal and external communications, the alignment of functional responsibilities and the impact of organizational concepts on mission accomplishment.

- An accounting system for one of the divisions was devised and is being implemented on a phased basis. Full implementation will be completed in the next succeeding fiscal year.

An orientation and training program was developed and produced for use within the Department. This effort has proven to be effective both for orientation of newly assigned personnel and for providing a briefing media on Departmental activities for special purposes.

Through its computer and its staff and support activities, the Division of Administrative Services in 1976-77 provided vital services to the operating divisions. The accomplishment of these functions aided and enhanced the efficient operation of the Department. Those services will be expanded and modified to meet the requirements of the Office of the Treasurer and the operating divisions of the Department.

INVESTMENT AND BANKING DIVISION

The Investment and Banking Division is responsible for carrying out three primary functions of the State Treasurer - investment management, banking relations and clearing, and the timely servicing of the State's bonded indebtedness. These responsibilities arise from the State Treasurer's inherent duties contained in the North Carolina State Constitution, Article 3, Section 7(1) and in North Carolina General Statutes Chapter 147, Article 6.

The State Treasurer is the designated Custodian of and the Investment Officer for the general State trust funds. In addition, he provides custodial services for other departments of State government. The State Treasurer performs the functions of a bank for the departments, institutions and agencies of the State because their obligations are paid, pursuant to legislative authorization, by warrants drawn on the Treasurer. The State Treasurer is responsible for the State's relationships with the commercial banking system. By law, all funds collected by any department, institution or agency of the State must be deposited daily to the account of the State Treasurer. Finally, the State Treasurer is responsible for the prompt payment of the State's outstanding General Obligation indebtedness and the interest thereon.

The Cash Position of the State Treasurer as of June 30, 1977 is detailed in Exhibit B. The total of \$1,084,630,359.23 as of June 30, 1977 may be compared with \$1,205,818,407.26 as of June 30, 1976. Moneys not required for a given day's operations are invested according to applicable law. These funds are put to work in highly liquid, short-term securities, shown in Schedule B-3 and, therefore, the rate of earnings is controlled primarily by the general level of market interest rates.

The outstanding indebtedness of the State at June 30, 1977 and the annual debt service requirements are shown in Exhibit C and Schedule C-2, respectively. The entire debt record and servicing operation is being reviewed to improve and automate the operations to reflect present conditions in a changing environment.

In his capacity as Investment Officer for the listed State pension and trust funds, the State Treasurer oversees the investment of these funds. The general composition of their assets is shown in Exhibit D. Each of the Trust funds shown in Exhibit D is invested separately to fulfill its own special needs. For the most part, the investment policy for the retirement systems' funds stresses the general objective of the highest yield consistent with safety of principal, and consistent with the statutory standards set up for each. The investment program includes not only the investment of new money, but also the seeking out of opportunities in the secondary markets to improve the investment yield to maturity of the existing portfolio.

The Treasurer's Cash Balances are invested primarily to safeguard the principal and secondarily to obtain a reasonable yield on the investments. Most of these assets, therefore, are placed in short-term United States Treasury and Agency securities, and in repurchase agreements based on such securities. Special consideration is given to

North Carolina banks and savings and loan associations desiring State investments in certificates of deposit and savings certificates. All such certificates mature in six months and bear a rate of interest based on the current yield for United States Treasury obligations of similar maturity, as required by law. The interest rates charged are changed frequently reflecting the market and are shown for the year in Exhibit E. Total earnings on the Treasurer's Cash Balances were \$55,288,986.00 for the 1976-77 Fiscal Year and \$64,685,207.00 for the 1975-76 Fiscal Year, again reflecting primarily a lower level of market interest rates.

During the year, the fixed-income investment ledger was redesigned and implemented on the computer. This was accomplished by the Departmental staff without requiring outside assistance. The automated system is expected to assist the Investment Management Section in managing the various portfolios particularly in taking advantage of appropriate opportunities to improve portfolio performance.

The State Treasurer also provides custodial services for other departments of State Government. Exhibit F sets out the securities on deposit with the State Treasurer.

The highlight of the year 1977 was the organization of a formal Division of Investment and Banking to carry out the responsibilities of the State Treasurer as outlined above. The Division is subdivided into four sections to separate the functions assigned to it into logical areas of responsibility and specialization. These sections are: Investment Management, Investment Operations, Investment Accounting, and Bank Clearing.

The Investment Management Section oversees the investment of both the short and long-term funds under the supervision of the State Treasurer. The Investment Operations Section is responsible for the custody, receipt and delivery of all securities, and for the Department's relations with dealers and custodial banks. This includes the State's Debt Service Account. The Investment Accounting Section maintains all records for the Division and renders the necessary internal reports to assist in investment management, as well as the periodic external reports required.

Bank Clearing verifies all warrants drawn on the Treasurer. Accounts are maintained for the various State departments, institutions and agencies as authorized by the Legislature, against which these warrants are drawn. Upon verification by the Bank Clearing Section, the commercial banking system is reimbursed. During the 1976-77 Fiscal Year, the Clearing Section processed 10,785,811 items from the banking system with a dollar value of \$5,656,962,364.00 as compared to 12,183,533 items with a dollar value of \$5,505,814,406.00 in the previous fiscal year.

RETIREMENT AND HEALTH BENEFITS DIVISION

The Retirement and Health Benefits Division of the Department of State Treasurer administers the statutory retirement systems and benefit programs that provide retirement allowances and other fringe benefits to North Carolina public employees, their beneficiaries and dependents. Public employees owe a large part of their financial security to the State's recognition of the need for comprehensive employee benefit programs.

The primary purpose of the retirement systems is to provide deferred payments of salary for services rendered. In addition, retirement and fringe benefit programs have the practical purposes of: recruiting and retaining experienced and competent employees to the public service; and, adding to the efficiency of public employees by providing a measure of freedom from the apprehension of old age and disability.

The specific retirement systems and benefit programs administered within this Division are:

The Teachers' and State Employees' Retirement System of North Carolina, NCGS 135-1 through 135-18.5;

the North Carolina Local Governmental Employees' Retirement System, NCGS 128-21 through 128-38;

the Legislative Retirement Fund, NCGS 120-4.1, 120-4.2;

the Uniform Judicial Retirement System of North Carolina, NCGS 135-50 through 135-71;

the Uniform Solicitorial Retirement System of North Carolina, NCGS 135-77, 135-78;

the Uniform Clerks of Superior Court Retirement System of North Carolina, NCGS 135-84, 135-85;

the Health Benefits Program for Teachers and State Employees, NCGS 135-32 through 135-36; and,

the Public Employees' Social Security Agency, NCGS 135-19 through 135-26.

The management of these retirement systems and benefit programs is the responsibility of the State Treasurer as provided by the "Executive Organization Act of 1971". This Act retained the Boards of Trustees of the retirement systems and their statutory powers.

The Division provides for the administration and operation of each of the systems charged by statute to the Department, and is reimbursed by the various systems for their pro-rata share of the administrative expenses. The Division provides the services necessary for collecting and crediting employee and employer contributions on a monthly basis, enrolling new members, maintaining membership files for all active and retired members, paying death benefits as appropriate, refunding employee contributions to withdrawing members, and calculating benefit payments to retired members and certain surviving beneficiaries. Actuarial counsel is retained and their advice is closely followed. Information on benefits and procedural matters are provided to members through publications and counseling staff. Particular emphasis is placed on counseling members within five years of their anticipated retirement.

Investments are made on behalf of the various retirement systems by the Investment and Banking Division. Investment counsel is retained on behalf of the systems to assist in obtaining high yields consistent with the safety of the principal.

All benefit programs and retirement systems in the Division are operated on a calendar year basis, rather than the normal State fiscal year. Therefore, all data shown for the Division are for the captioned calendar year ending December 31.

All retirement systems, except the Legislative Retirement Fund, are joint contributory plans with contributions being made by both the employees and employers. Each active member contributes six percent (6%) of his compensation for creditable service by monthly payroll deduction. Employers make monthly contributions based on the member's compensation for the month. Employer contribution rates are calculated on a level full funding basis, using the entry age normal cost actuarial method.

Contributions from employees are accounted for in the Employee Reserve (Annuity Savings Fund). The amounts in the Employee Reserve are liabilities payable to the employee if he elects to withdraw from the Retirement System after leaving service creditable to the System and before retirement. Contributions from employers are accounted for in the Employer Reserve (Pension Accumulation Fund). When a member retires, the amount of his accumulated contributions is transferred from the Employee Reserve to the Annuitant Reserve and an amount of employer contribution, to equal the present value of the retiree's future benefits, is transferred from the Employer Reserve to the Annuitant Reserve. Each year in which there is any increase in benefits payable to present retirees, a sum equal to the present value of that increase is also transferred from the Employer Reserve to the Annuitant Reserve.

Investment income is accounted for in the various reserves in the following order: (1) investment income is transferred to the Employee Reserve in the amount of the interest credited to the members' annuity savings accounts at the rate of four percent (4%) on the beginning year balance; (2) investment income is transferred to the Annuitant Reserve in an amount equal to the actuarial interest rate assumption times the average balance in the Reserve; and, (3) all remaining investment income is retained in the Employer Reserve.

The financial condition and actuarial soundness of a retirement system can be judged on the basis of the accumulated assets, the actuarial assumptions, and the actuarial cost method used to arrive at the employer's rate of contribution. All retirement systems, except the Legislative Retirement Fund, are being funded on a full actuarial reserve basis using the entry age normal cost method approved under the Employee Retirement Income Security Act of 1974 (ERISA) for the use of non-governmental employers. The consistent use of conservative assumptions, the utilization of an approved actuarial cost method over the years and the recognition of all promised benefits in the accrued liability of the plan have resulted in retirement which can be labeled actuarially sound.

The Actuary's Valuation Balance Sheet for each retirement system, other than the Legislative Retirement Fund, is shown with the accounting statements of each respective system. The terms used in the Actuary's Valuation Balance Sheet are of generally accepted actuarial usage but may not have a similar meaning in everyday usage or when used as accounting terms. The most important of these are:

"Present assets of system" are the balances of the reserves, that is, the total assets less recorded liabilities; the "Annuity Savings Fund" is the Employee Reserve; the Pension Accumulation Fund is the combined Annuitant and Employer Reserves.

"Accrued liability contributions" are the present value of the amounts required to be funded over the future period set by the Board of Trustees for past service credits. This is primarily credit for service rendered prior to the inception of a retirement system but may include effects from legislative increases in benefits.

"Liabilities" are the present value of all known future claims for benefits or refunds from a retirement system. Present value means the amount necessary to be invested on the valuation date, at the interest rate assumption, to fund known liabilities as they occur in the future.

TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM OF NORTH CAROLINA (STATE SYSTEM)

The State System is the largest of the retirement systems administered. The State System provides benefits to all full time teachers and State employees in all public school systems, universities, departments, institutions, and agencies of the State. A retirement system for teachers and State employees of North Carolina was the end product of the State Retirement Commission, enacted by the 1937 Session of the General Assembly to study and report on the need for a retirement system. The Commission found that "... it is to the advantage of the taxpayers of this State as well as State officers and employees that a sound contributory retirement provision for these groups of public employees be adopted". The Commission developed the provisions of a retirement plan and recommended its adoption by the General Assembly. In February 1941, the General Assembly enacted the Teachers' and State Employees' Retirement Act that was effective on July 1, 1941. This System began operations with a membership of 42,878 teachers and State employees and with appropriations from the State of \$1,838,000.

The membership of the State System has grown over the years in proportion to the growth in size and complexity of the public schools and the State government. The membership of the State System at December 31, 1976 and 1975 was as follows:

	<u>12/31/76</u>	<u>12/31/75</u>	<u>Percentage Increase</u>
Number of Active Member Accounts	215,779	210,228	3%
Number of Retired Members and Beneficiaries	<u>29,724</u>	<u>26,997</u>	10%
Total	245,503	237,225	3%

New enrollments, withdrawals and retirements of members of the State System during the calendar years ended December 31, 1976 and 1975 are as follows:

	<u>1976</u>	<u>1975</u>	<u>Percentage Increase</u>
Enrollments	23,512	21,762	8%
Withdrawals	17,967	16,080	11%
Retirements	3,469	3,001	15%

The Statement of Assets, Liabilities and Reserve Balances of the State System as they existed at December 31, 1976 and December 31, 1975 is shown in Exhibit G.

This Statement indicates a 14% growth in net assets of the State System during the 1976 calendar year. A percentage distribution by type of the investments of the assets of the State System is shown on Chart 4.

Operations of the State System during calendar year 1976 resulted in total receipts of \$403,230,899 and total expenditures of \$114,091,151. These figures show increases of 15% and 21% respectively over 1975. The expenditures are increasing more rapidly than receipts because of the combination of generally increasing annual benefits to members and the increasing number of retired members in the system. Chart 5 shows the relationships of the various sources of receipts to total receipts and of the various purposes of disbursements to total disbursements. Statements of changes in Reserve Balances for the Employee Reserve, the Annuitant Reserve, and the Employer Reserve for the 1976 and 1975 calendar years are shown in Schedules G-1, G-2, and G-3 respectively.

The actuary's report provides a basis upon which to judge the long range financial soundness of a retirement system. The latest Actuary's Valuation Balance Sheet for the State System, as of December 31, 1976, is shown in Schedule G-4. This valuation compares the present value of all future benefit payments with the sum of the present assets and the present value of future contributions from employers and employees. The actuarial economic assumptions are an interest rate of 6% per year and compatible future rates of salary increase. The assumed rates for mortality, withdrawal, disability, and service retirement are based on actual experience. All prospective benefits payable are included in the calculation of benefits payable by the State System.

Based on the actuary's report, the Board of Trustees set the employer contribution rate at 9.12 percent of covered payroll. On this basis, the total employee and employer rate of contribution is adequate to fund all future benefits based on current service and to fund over 25 years from December 31, 1976, the remaining accrued liability for past service. The valuation is based on the projected benefit method with aggregate level normal cost and open-end accrued liability with gains and losses reflected in the accrued liability. The asset valuation method is based on cost value.

Teachers' and State Employees' Retirement System of N.C.

Distribution of Investments—December 31, 1976

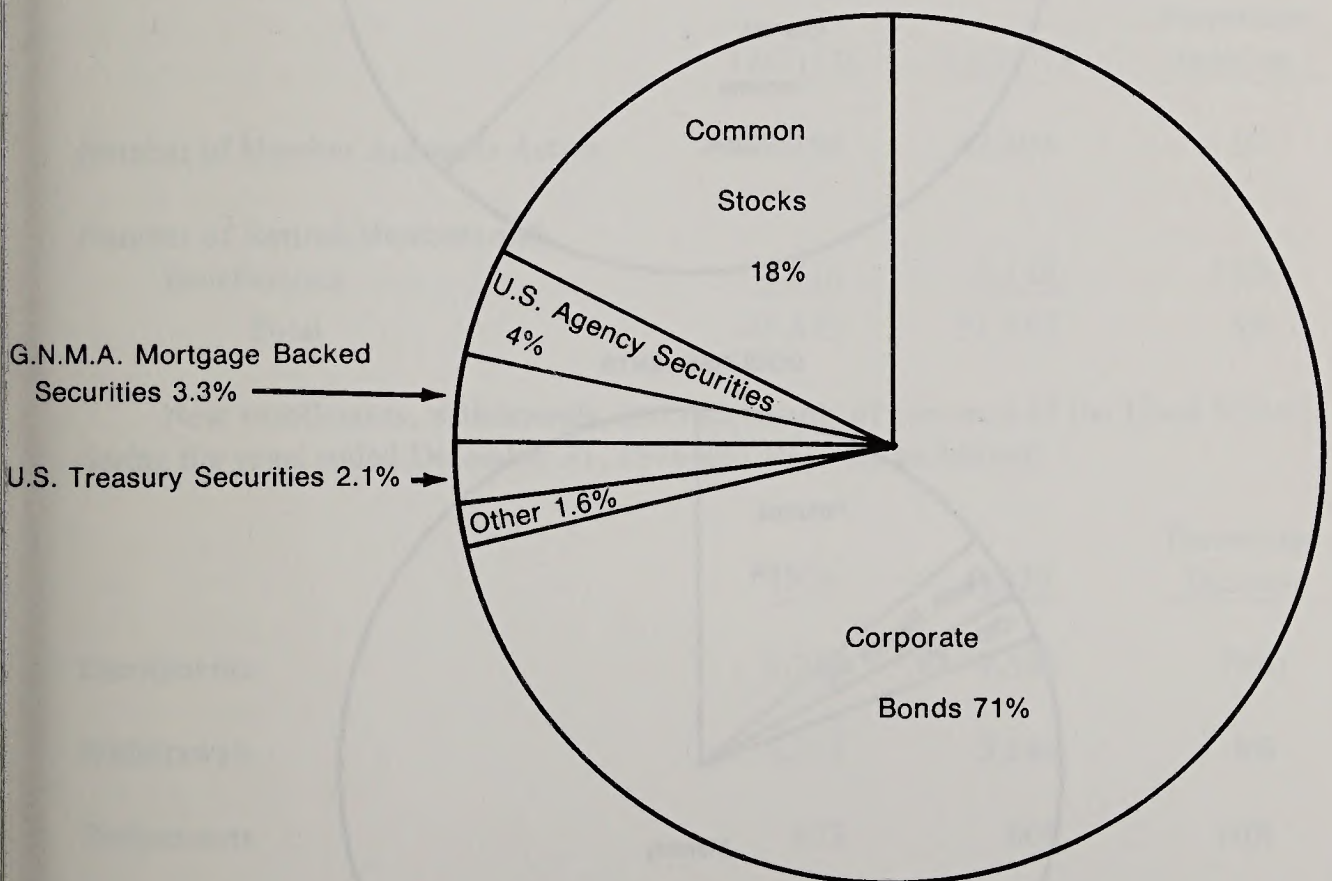
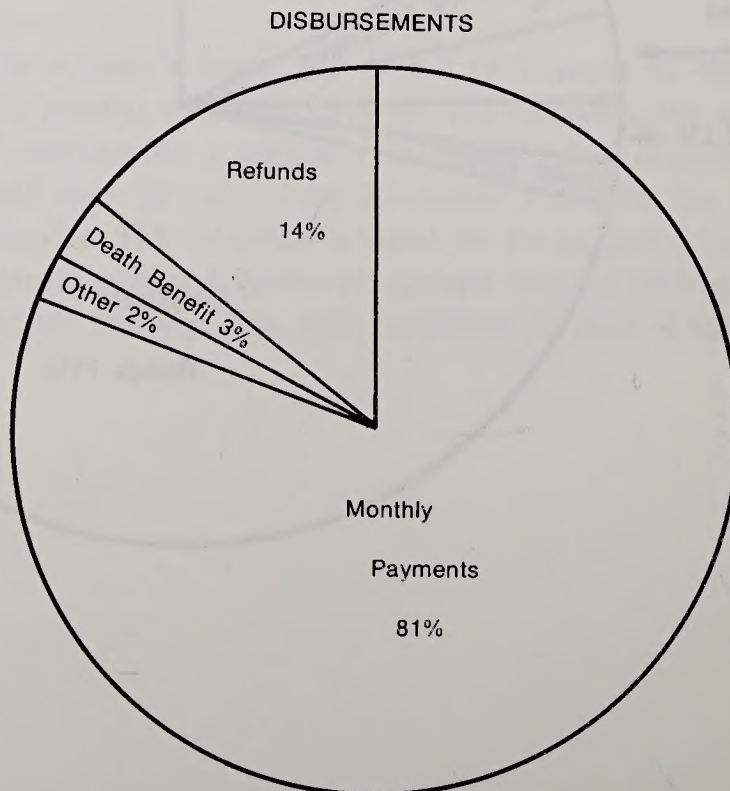
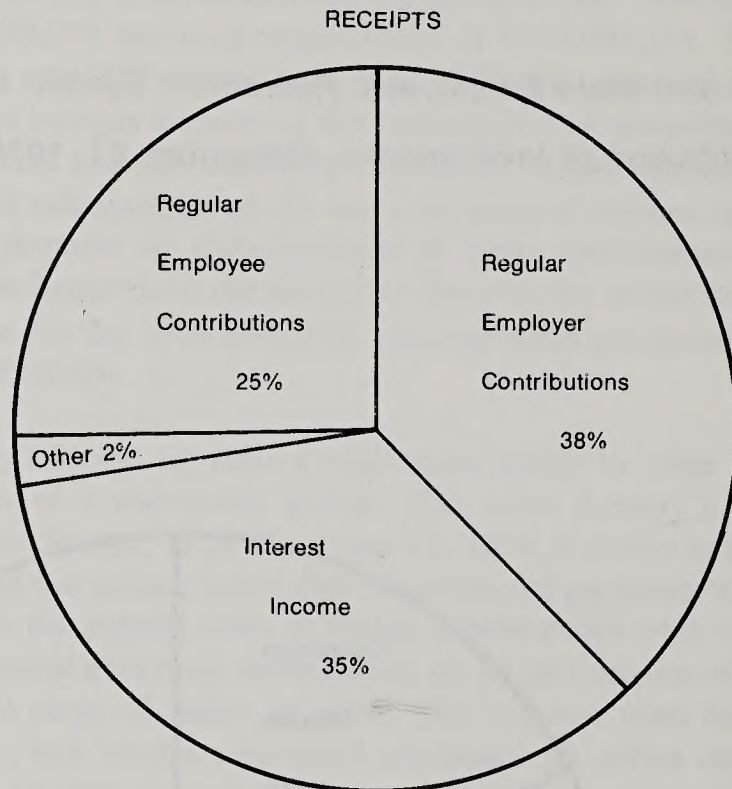


CHART 5

Teachers' and State Employees' Retirement System of N.C.
Receipts and Disbursements—1976



NORTH CAROLINA LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM (LOCAL SYSTEM)

The Local System is maintained for the employees of cities, towns, counties, boards, commissions, and other entities of local government in North Carolina. This Retirement System was created by an act of the 1939 General Assembly, reconstituted by the 1941 General Assembly, and began actual operations in 1945. Because participation of local governments in this System is voluntary, the operation of the Local System is dependent upon the acceptance and continuing financial support of the governing bodies and employees of local governments. Approval and acceptances are evidenced by the fact that 515 cities, towns, counties, and local commissions have chosen to participate in the Local System. This System began operations with 18 participating local governments, 2,102 members, and assets of \$178,053.

The membership of the Local System for the years ended December 31, 1976 and 1975 was as follows:

	<u>12/31/76</u>	<u>12/31/75</u>	<u>Percentage Increase</u>
Number of Member Accounts Active	49,759	47,404	5%
Number of Retired Members and Beneficiaries	<u>4,676</u>	<u>4,148</u>	13%
Total	45,435	51,552	5%

New enrollments, withdrawals, and retirements of members of the Local System during the years ended December 31, 1976 and 1975 are as follows:

	<u>1976</u>	<u>1975</u>	<u>Percentage Increase</u>
Enrollments	8,728	9,568	(9%)
Withdrawals	6,373	5,845	8%
Retirements	673	608	10%

The Statement of Assets, Liabilities and Reserve Balances of the Local System as they existed at December 31, 1976 and December 31, 1975 is shown in Exhibit H. A percentage distribution by type of investments of the assets of the Local System is shown on Chart 6.

Operations of the Local System during the year 1976 resulted in total receipts of \$57,056,268 and total expenditures of \$14,188,207. These figures show increases of

18% and 7% respectively over 1975. The receipts are increasing more rapidly than expenditures because of the generally increasing number of participating local governments, number of active members, and compensation paid members. Chart 7 shows the relationships of the various sources of receipts to total receipts and of the various purposes of disbursements to total disbursements. Statements of changes in Reserve Balances for the Employee Reserve, the Annuitant Reserve, and the Employer Reserve for the 1976 and 1975 plan years are shown in Schedules H-1, H-2 and H-3 respectively.

The latest Actuary's Valuation Balance Sheet for the Local System, as of December 31, 1976, is shown in Schedule H-4. This valuation compares the present value of all future payments with the sum of the present assets and the present value of future contributions from employers and employees. The actuarial economic assumptions are an interest rate of 5% per year and compatible future rates of salary increase. The assumed rates for mortality, withdrawal, disability, and service retirement are based on actual experience. All prospective benefits payable are included in the calculation of benefits payable by the Local System. The valuation is based on the projected benefit method with aggregate level normal cost and frozen accrued liability with gains and losses reflected in the normal rate. The asset valuation method is based on cost value.

Based on the Actuary's Valuation, the Board of Trustees set the employer normal contribution rate at 3.67 percent of covered payroll with an individual employer accrued liability contribution rate for every employer for a total employer contribution rate of covered payroll for each participating local government.

North Carolina Local Governmental Employees Retirement System
Distribution of Investments—December 31, 1976

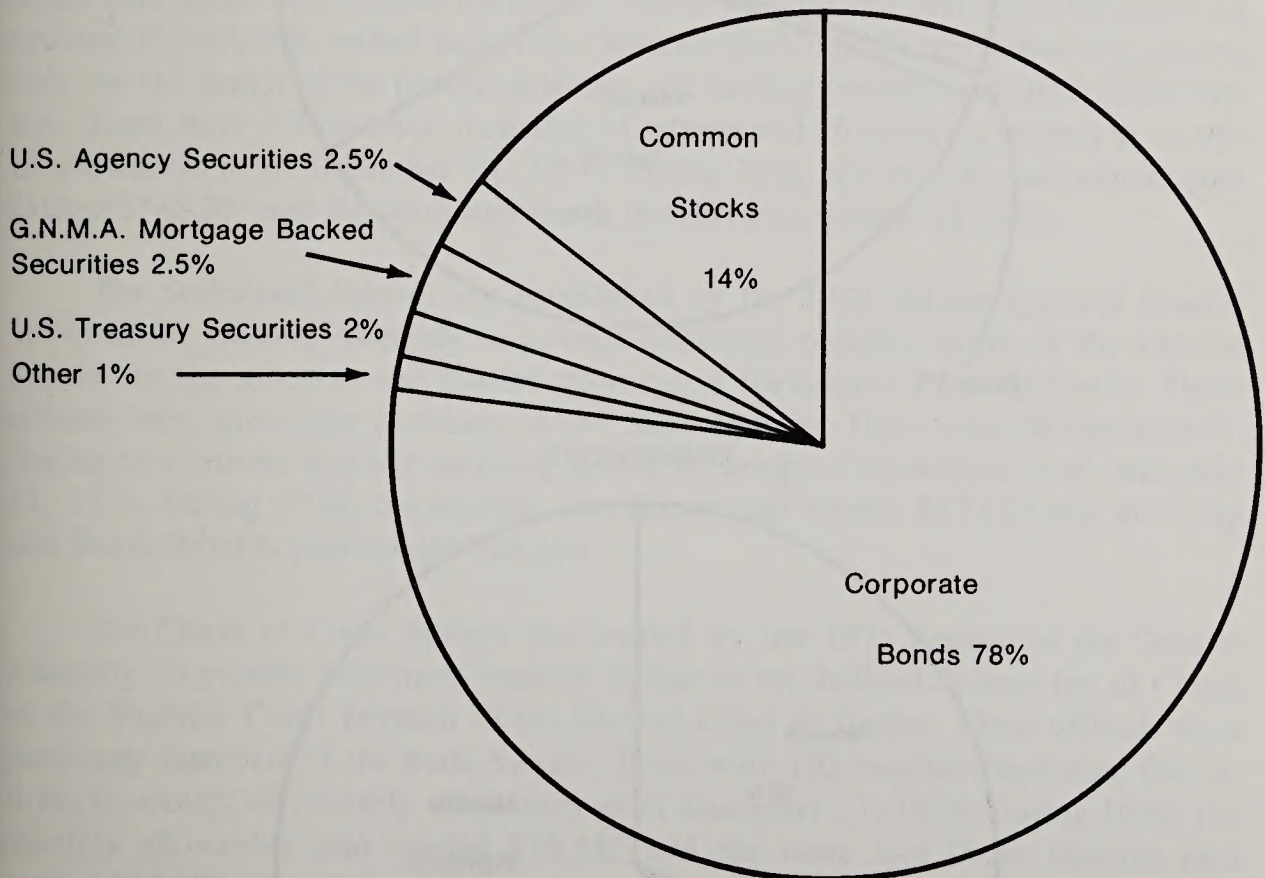
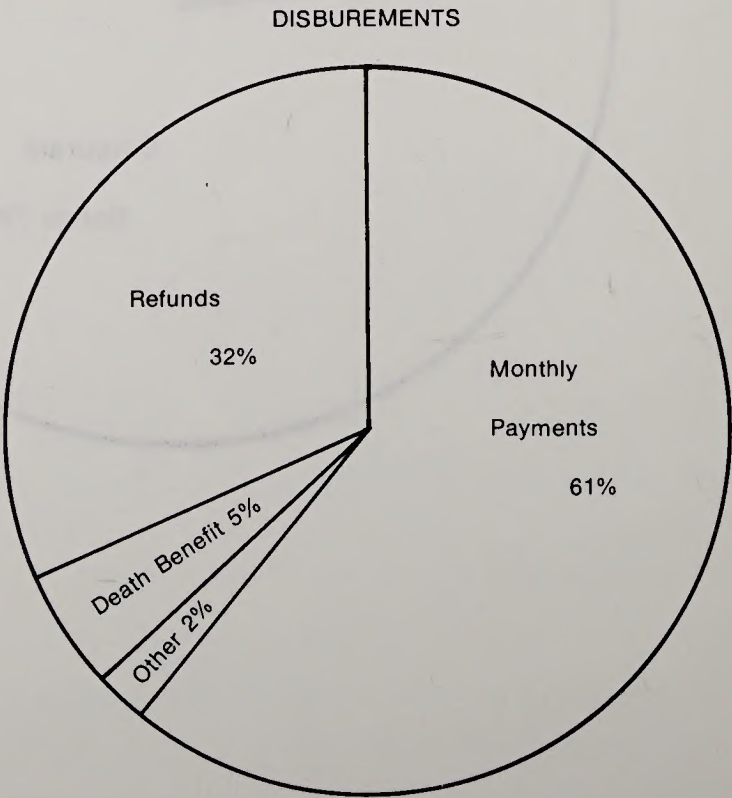
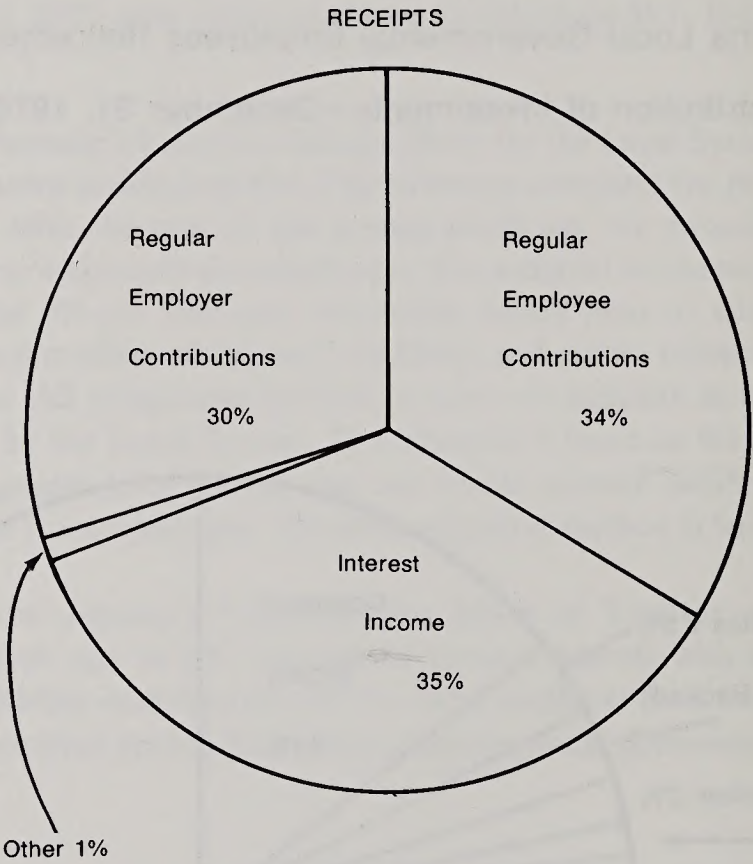


CHART 7

North Carolina Local Governmental Employees Retirement System
Receipts and Disbursements—1976



**UNIFORM JUDICIAL RETIREMENT SYSTEM OF NORTH CAROLINA
(JUDICIAL SYSTEM)**

**UNIFORM SOLICITORIAL RETIREMENT SYSTEM OF NORTH CAROLINA
(SOLICITORIAL SYSTEM)**

**UNIFORM CLERKS OF SUPERIOR COURT RETIREMENT SYSTEM
OF NORTH CAROLINA
(CLERKS OF COURT SYSTEM)**

The Judicial System was created by the 1973 Session of the General Assembly. The membership of the Judicial System is composed of judges and justices of the General Court of Justice of North Carolina. Prior to the creation of this System, judges of the Superior Court, Appellate Court, and justices of the Supreme Court received a pension upon retirement which was a continuation of compensation appropriated annually by the General Assembly. Included in the membership of this System as retirees were judges and justices previously retired and, for the first time, the surviving spouses of previously retired judges and justices. The Courts' Commission was responsible for the design of the benefit structure and funding provisions of the Judicial System. There were 274 members including 34 retirees and 26 surviving spouses in receipt of allowances as of December 31, 1976. During 1976, the monthly allowances paid totaled \$748,301 and the lump sum Death Benefits paid totaled \$87,260.

The Solicitorial System was established by the 1973 Session (Second Session 1974) of the General Assembly to provide retirement benefits similar to the Judicial System for the solicitors and district attorneys of the General Court of Justice. These officials were previously members of the State System. There were 38 members including two retirees and one surviving spouse in receipt of allowances as of December 31, 1976. During 1976, the monthly allowances paid totaled \$47,120 and the lump sum Death Benefits paid totaled \$28,380.

The Clerks of Court System was created by the 1975 Session of the General Assembly to provide retirement benefits similar to the Judicial System for all Clerks of the Superior Court Division of the General Court of Justice. These officials were previously members of the State System. There were 105 members including five retirees in receipt of monthly allowances as of December 31, 1976. During 1976, the monthly allowances paid totaled \$30,545 and the lump sum Death Benefits paid totaled \$15,000.

The Statements of Assets, Liabilities and Reserve Balances of the Judicial, Solicitorial, and Clerks of Court Systems as they existed at December 31, 1976 and December 31, 1975 are shown in Exhibits I, J and K respectively.

Statements of Changes in Reserve Balances for the Employee Reserve, the Annuitant Reserve, and the Employer Reserve for the 1976 and 1975 plan years for

the Judicial, Solicitorial, and Clerks of Court Systems are shown in Schedules I-1, 2 and 3, J-1, 2 and 3 and K-1, 2 and 3 respectively. The deficit in the Employer Reserves in the Judicial and Solicitorial Systems shown in Schedules I-3 and J-3 are due to the short life of the Systems and, in the Judicial System, inclusion of previously retired judges and the surviving spouses of previously retired judges without advance funding. This liability is being funded in the accrued liability portion of the employer contribution rate in the Judicial System.

These three systems are funded on the same level full funding basis as the State and Local Systems. The actuarial economic assumptions are an interest rate of 5% per year and compatible future rates of salary increase. The latest Actuary's Valuation Balance Sheet, as of December 31, 1976, for the Judicial, Solicitorial, and Clerks of Court Systems are shown in Schedules I-4, J-4 and K-4 respectively. The valuation is based on the projected benefit method with aggregate level normal cost and open-end accrued liability.

Based on the actuary's report, the Board of Trustees set the employer contribution rate at a percentage of covered payroll and the period to fund the remaining accrued liability for each system as follows:

<u>System</u>	<u>Employer Contribution Rate</u>	<u>Funding Period</u>
Judicial	30.35%	37 years
Solicitorial	23.69%	35 years
Clerks of Court	27.60%	36 years

LEGISLATIVE RETIREMENT FUND (FUND)

The Fund was created by the 1969 Session of the General Assembly as a retirement plan for members and elected officers of the North Carolina General Assembly. The Fund was abolished, prospectively, by the 1973 Session (Second Session 1974). The abolishing Act preserved the vested and inchoate rights of the members in the Fund so that all members and former members of the General Assembly who had qualified by virtue of services as of 1974 are still in receipt of monthly allowances or may apply for and receive monthly allowances at age 65. There were 61 former members and officers of the General Assembly in receipt of allowances with a cost in the year ended December 31, 1976 of some \$100,400. This cost is funded by a contribution of 5% of compensation paid by members at retirement and an annual general fund appropriation made to the General Assembly.

The Fund is not operated as a retirement fund, but as a governmental general fund. The Statement of Assets, Liabilities and Fund Balances as they existed on December 31, 1976 and December 31, 1975 is shown in Exhibit L. The Statement of Changes in the Fund Balance for the years ended 1976 and 1975 is shown in Schedule L.

HEALTH BENEFITS PROGRAM FOR TEACHERS AND STATE EMPLOYEES (HEALTH PROGRAM)

The Health Program was created by the 1971 Session of the General Assembly to provide a two-part program consisting of hospital and medical care benefits and disability salary continuation benefits.

Hospital and medical care benefits have been provided by contract with Blue Cross and Blue Shield of North Carolina since July 1, 1972. Eligible subscribers (i) include all permanent and full-time teachers and State employees, and (ii) retired teachers, State employees and their surviving spouses. The cost and contract for hospital and medical care benefits is determined by the Board of Trustees in a process of competitive proposals and negotiations. The individual subscriber cost for active teachers and State employees is currently fully funded by the employer as provided by General Assembly appropriations bills. Dependent coverage is available at an additional cost to the individual. The carrier premiums are paid to and claims handled by the carrier.

The composition of the health and medical care benefits coverage group as of the last quarter in the calendar years ended 1976 and 1975 was as follows:

	<u>1976</u>	<u>1975</u>
Number of Employees	171,819	165,748
Number of Employees' Dependents	207,244	198,471
Number of Retirees	12,882	3,499
Number of Retirees' Dependents	<u>11,253</u>	<u>2,973</u>
Total Covered	403,198	370,691

Premiums paid to the carrier and claims paid to subscribers by the carrier during the calendar years 1976 and 1975 were as follows:

	<u>1976</u>	<u>1975</u>
Premiums paid	\$57,493,820	\$41,794,242
Claims Paid	\$58,951,829	\$47,562,779

Disability salary continuation benefits are self-insured and administered by the Health Program. This is a supplemental benefit that guarantees that disabled teachers and State employees will receive 60% of compensation at the time of disability, to a maximum benefit of \$1,000 per month, from all employer sponsored sources. The

North Carolina Employee Disability Fund was established to guarantee these benefits and was funded for a period of three years, from July 1, 1972 to June 30, 1975, at the rate of \$3 per month per employee paid by the employers. In 1975, the General Assembly suspended the employer contribution so that an unnecessarily large fund would not accumulate. Since that time benefits have continued to be paid from the investment earnings and accumulated contributions.

The number of claims received, number of claims approved, and the total amount of benefits paid during the calendar years ended 1976 and 1975 are as follows:

	<u>1976</u>	<u>1975</u>
Number of Claims Received	676	693
Number of Claims Approved	616	620
Amount of Benefit Payments	\$1,229,499	\$995,083

The Statement of Assets, Liabilities and Fund Balances of the North Carolina Employee Disability Fund as they existed on December 31, 1976 and 1975 is shown in Exhibit M with the Statement of Changes in the Fund Balance for the same shown in Schedule M-1. The Actuary's Valuation Balance Sheet as of the year ended December 31, 1976 is shown in Schedule M-2.

PUBLIC EMPLOYEES' SOCIAL SECURITY AGENCY (SOCIAL SECURITY AGENCY)

The Social Security Section administers the State's responsibilities under the Social Security Agreement between the State of North Carolina and the Secretary of Health, Education, and Welfare of the United States entered into on July 16, 1951. This Agreement was executed pursuant to authority in Section 218 of the Federal Social Security Act and Article 2, Chapter 135 of the General Statutes of North Carolina.

The provisions of the Agreement require the Social Security Agency to provide the mechanics of coverage for the State and its qualified political subdivisions, to collect and transmit employee and employer contributions, and to act as liason between the State and the Social Security Administration.

During the calendar year ended December 31, 1976, the Social Security Agency remitted \$273,171,883 in employee and employer social security contributions from 1,368 State and local government coverage units for more than 340,000 public employees in North Carolina.

The Statement of Assets and Liabilities and the Statement of Receipts and Disbursements of the Social Security Agency for the year ended December 31, 1976 are shown in Exhibit N.

THE STATE AND LOCAL GOVERNMENT FINANCE DIVISION

The State and Local Government Finance Division provides three basic functions to the State and to local governments: approval and sale of debt obligations, fiscal management assistance and the receipt and administration of unclaimed property. The Division was formed as currently constituted in January, 1977. It has responsibilities for the sale of State bonds, for the Escheat Fund and for providing staff assistance to the Local Government Commission.

The Division, on behalf of the Local Government Commission, manages the debt for the State and local units of government. The responsibilities for State debt involve the preparation of the official statement, the sale and the delivery of the bonds. The responsibilities for local government debt begin with the application of the local unit of government and extend through the Local Government Commission. The Commission's responsibilities include the sale and delivery of the bonds and the monitoring of the payment of principal and interest on the debt as it comes due. Exhibit O is a summary of outstanding bonded debt and authorized but unissued debt as of June 30, 1977.

Fiscal management assistance is provided to all local units of government, public authorities and school administration units. Among the services provided are new materials to improve local financial management and the preparation of the financial statements included in the official statements used to sell bonds. Seminars and workshops are provided for local government finance officers and their independent auditors to assist them in staying current on changes in laws and the financial practices recommended for local governmental units.

The Division manages the Escheat Fund for the State. The Escheat Fund receives unclaimed property as provided by statute and invests these funds. Income from the investments is used by the North Carolina Education Assistance Authority to provide greater higher education opportunities for the people of North Carolina.

Overall surveillance is provided over the bonded debt of the North Carolina Housing Agency.

Authorization and Sale of State and Local Government Debt

State Debt

The responsibility of the State Treasurer for bond issues of the State has greatly increased in recent years. This is due to the strengthening of the requirements for disclosure with respect to municipal bond issues. The State Treasurer compiles and analyzes the information furnished by other departments and agencies of the State. In cooperation with the State's bond counsel, the Treasurer drafts and circulates to banks, investment banking firms, institutional and individual investors and the rating agencies an official statement for each issue of bonds of the State.

The State Treasurer represents the State in all presentations to Moody's Investor Service, Inc. and Standard & Poor's Corporation, the two national agencies used for state and local finance ratings. As a result of the efforts of the State Treasurer, with the cooperation of other agencies of State government, North Carolina has successfully maintained for its bonds the highest rating given by those agencies relating to state and local debt obligations.

Long-term State general obligation bonds sold by the State Treasurer during fiscal year 1976-77 totaled \$130,000,000. This consisted of \$65,000,000 Public School Facilities Bonds of 1973, \$40,000,000 Clean Water Bonds, and \$25,000,000 State Institutions of Higher Education Capital Improvement Bonds. There were no revenue bonds sold in behalf of the State during fiscal year 1976-77.

Local Debt

The Local Government Commission is responsible for the approval, sale, and delivery of bonded debt for all units of government in North Carolina below the State level. The Commission's approval must be received prior to entering into a contract or agreement to borrow money. The Division provides to the Commission the necessary staff to fulfill its statutory mandate.

Even before receiving a bond application, the Division works with the unit to determine the amount of bonds needed and the effect which that issue will have on future debt requirements of the unit. The Commission approves a bond issue only after it determines from information received that the proposed bonds meet all statutory requirements.

After a bond authorization is approved by the Commission and by the voters, if required, the unit may schedule a bond sale. The Commission handles the sale of all general obligation bonds including preparation of the offering prospectus and bond delivery. Records are maintained for each unit's yearly debt service requirements. The Commission monitors debt service payments by the unit through a system of monthly reports.

At June 30, 1977 bonds authorized and unissued were as follows: Counties - \$99,273,000; Municipalities - \$148,688,000; and Districts - \$5,870,000; for a total of \$253,831,000. This represents a decline of 10% from the 1976 total of \$283,099,000. Bonds authorized and unissued for counties declined \$44,670,000 while municipalities and districts showed modest increases.

Forty-six (46) units of government held elections during the year. Bonds proposed amounted to \$145,050,000 with \$104,050,000 being approved by the voters which represented 71.73% of the amounts proposed. During the previous fiscal year, 45 units held elections, at which \$114,110,000 was approved by the voters, representing 70.59% of the amounts proposed.

Total bonded indebtedness for all local governments at June 30, 1977 was \$1,551,030,754 (exclusive of bond anticipation notes) as compared to \$1,473,825,387 (exclusive of bond anticipation notes) at June 30, 1976, for an increase of 5.23% over 1976. Revenue bonds issued during the fiscal year ending June 30, 1977 was the major reason for the bonded indebtedness increase. General obligation indebtedness increased \$27,697,367; while revenue bonded indebtedness increased \$49,508,000.

Long-term general obligation bonds sold during fiscal year 1976-77 totaled \$135,673,000; \$52,185,000 revenue bonds were sold which brought total sales to \$187,858,000. Sales during 1975-76 were comprised of \$117,153,000 general obligation and \$4,171,000 revenue for total sales of \$121,324,000.

An analysis of general obligation bonded debt shows \$74,633,000 issued for purposes other than utility improvements and \$61,040,000 for utility improvements. Revenue bonds were issued primarily for hospital and health care facilities with \$47,185,000 for this purpose of which \$41,535,000 were hospital advance revenue refunding. These refunding bonds were special obligations issued to produce an interest savings on outstanding bonds, issued at higher interest rates. Legislation was passed in the 1977 General Assembly to permit these advance refunding bonds.

Bond ratings for a majority of units remained at their current level although several units achieved higher ratings. Factors which served to maintain those ratings were (1) no recorded defaults during the year; (2) continued improvements in the State's economy; and (3) a generally conservative attitude on incurring debt.

Market trends during the year continued to improve. The Bond Buyer Index in July 1976 was 6.87% and had improved to 5.83% by January, 1977. The Index then remained almost steady around the 5.80% - 5.90% range for three months and then began a slow improvement to 5.55% in June. (The Bond Buyer Index is the effective interest rate on bonds as of a given time.)

Fiscal Management

The Division of State and Local Government Finance provides many services to local units of government through the Fiscal Management Section. Assistance and counsel is given in the areas of budget preparation, accounting systems and practices, treasury and cash management, investment policies and procedures, and general management. Areas of needed assistance are indicated through the examination and analysis of the annual audited financial statement and other required reports. Comparative financial statements are prepared from the audit report for those governmental units planning to sell bonds. Educational programs, in the form of workshops or classes, are provided by the Division. In addition, there is active participation in the governmental accounting courses for certified public accountants sponsored by the North Carolina Association of Certified Public Accountants.

Much help has been provided to units in the past by the issuance of a uniform accounting manual for local governments, publications on insurance and risk management, development of personnel ordinances, and numerous memoranda as the need became apparent. Similar significant projects completed during the fiscal year 1976-77 were:

- A. Development and Publication of a Uniform Accounting System Manual for Regional Public Authorities. This manual is an adaptation of the Uniform Local Government Accounting System and was designed for use by political subdivisions which are primarily funded by restricted intergovernmental revenues such as grants from the federal government to Regional Councils of Government, the combined State and federal grants to multi-county health districts and the State grants to Mental Health Authorities.
- B. A Discussion Draft of Pro Forma Statements for a Local Board of Education in North Carolina. The publication was developed to provide guidelines for certified public accountants in preparing financial statements and audit reports for local boards of education. This will provide uniform and comparable financial statements and is a logical result of the School Budget and Fiscal Control Act of 1975.
- C. Statement on Auditing and Preparing Financial Statements of Local Governments and Public Authorities in North Carolina. This publication was provided to assist the certified public accountant in his audit program and evaluation of internal control. The information is particularly beneficial to certified public accountants who have limited experience in the area of governmental accounting.
- D. The Preparation of a Uniform Budget Format for the Public Schools. The uniform budget format, a vital part of the School Budget and Fiscal Control Act of 1975, was developed by the Local Government

Commission in cooperation with the State Board of Education. It was used by all school administrative units for the subsequent fiscal year 1977-78.

- E. Workshop for CPAs on the School Budget and Fiscal Control Act. This workshop was held for certified public accountants performing audits for local school administrative units. The School Budget and Fiscal Control Act, chart of accounts, and a sample audit report were discussed.
- F. Collecting Delinquent Property Taxes through Attachment and Garnishment and Levy. The manual was developed for local government tax collectors as a guide for collecting delinquent taxes. Its objective was to offer guidance to unit personnel in collecting the highest possible percentage of its property tax levy.
- G. Development of Course-Local Government Forum. This continuing education course, sponsored by the North Carolina Association of CPAs, was authored and co-led by personnel within the Section. The subject was intermediate governmental accounting, designed especially for CPAs working with municipalities and counties.
- H. Special Subjects. Numerous memoranda and short papers were developed and sent to local governments as the need arose. Among the subjects discussed were school budgeting, revenue sharing, unemployment compensation coverage, update of local governmental investment programs and fiscal relationship of the county finance officers and the social services directors.

Analysis of the local governments' financial strength was provided by a review of the annual audited financial statements. Letters were written to units having weak fiscal areas and units which show non-conformance with the Local Government Budget and Fiscal Control Act. Additional information was obtained through the examination of the semiannual reports on the status of deposits, investments, tax rate and tax collections.

Continuing special projects include work with the public schools in the areas of budgeting, school food service and individual school accounting. The development of a uniform accounting system manual specifically for schools is also in process. Sample footnotes and a memorandum concerning representation letters are being prepared to assist CPAs.

Escheat Fund

The Escheat Fund was transferred to the State Treasurer from the University of North Carolina on July 1, 1971. The Escheat Fund receives unclaimed real and personal property which has either been unclaimed for a stated time period or whose previous owner has died leaving no will and no heirs under the North Carolina Intestate Succession Act. Realized monies are invested by the State Treasurer and the income which is received is transferred to the State Education Assistance Authority. The Escheat Fund, by law, must refund to the rightful owner any monies or property which were escheated for a period of seven years after such money or property accrued to the escheat fund.

During the 1976-77 fiscal year, the increases in funds collected from abandoned bank deposits and from businesses and corporations followed an upward trend begun the previous year. An Attorney General's opinion concerning the liabilities of credit unions under the law resulted in increased reporting of unclaimed funds from that source. The percentage of refunds to collections increased during the year based on the attempt by the State Treasurer to make the public aware of the existence of the Escheat Fund.

As shown in Exhibit P, the Escheat Fund collected \$2,115,206.63 from all sources in 1976-77. This was an increase of \$112,562.10 over 1975-76. Net interest transferred to the State Education Assistance Authority (SEAA) increased by 36% over 1975-76 to \$561,158.64. At June 30, 1977, the Escheat Fund had reimbursed the SEAA for \$118,570.67 in loan defaults under the amendments to the Escheat Law passed by the 1975 General Assembly. During the fiscal year, the United States Congress amended the act under which the SEAA operates to allow the U. S. Office of Education to pay 100% of student loan defaults if the SEAA's default percentage is lower than 5%. The SEAA is awaiting a final ruling and congressional action before re-funding this advance.

North Carolina Housing Finance Agency

The North Carolina Housing Finance Agency was created in 1973 as the successor to the North Carolina Housing Corporation and was placed within the Department of the Treasurer. The Agency was a division of the Department of State Treasurer with the Treasurer having only general supervision responsibilities and having no authority with regard to the exercise of the powers of the Agency. The Local Government Commission was responsible for the sale of the bonds of the Agency but had no approval powers thereof. In part, because of a change in emphasis to non-bonding activities, the 1977 General Assembly elected to remove the agency from the Department of the Treasurer effective July 1, 1977 and place it in the Department of Natural Resources and Community Development. The State Treasurer retained certain powers regarding the issuance of bonds by the Agency after its relocation.

The North Carolina Housing Finance Agency issued its first series of revenue bonds in August, 1976 for the purpose of establishing a single family mortgage purchase program to provide mortgage financing to persons and families of lower income. The \$16,160,000 Single Family Mortgage Purchase Bonds, Series A, were sold by the Local Government Commission through a negotiated offering at coupon rates of 3.75% for the 1978 maturities to 6.80% for the 2008 maturities. The result of the issuance of the bonds was to reduce by approximately 1% to 1¼% the interest rate for residential mortgages to approximately 500 families. The bonds were secured principally by mortgages purchased from the proceeds of the bonds, debt service reserve fund, and a \$4,500,000 general reserve fund (\$4,000,000 of which was appropriated by the General Assembly). Neither the faith and credit of the State nor its moral obligation secure the bonds in any manner.

APPENDICES

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EXHIBIT A

**DIVISIONAL EXPENDITURES
FISCAL YEAR 1976-77**

<u>Division</u>	<u>Appropriations</u>	<u>Operating Revenues</u>	<u>Totals</u>
Administrative Services Division	\$ 198,850.28	\$ 122,727.54	\$ 321,577.82
State and Local Government Finance Division	455,272.06	46,952.81	502,224.87
Housing and Finance Agency	-0-	194,879.15	194,879.15
Retirement and Health Benefits Division	168,316.39	1,665,533.62	1,833,850.01
Investment and Banking Division	<u>454,910.37</u>	<u>2,704.79</u>	<u>457,615.16</u>
Operating Total	<u>1,277,349.10</u>	<u>2,032,797.91</u>	<u>3,310,147.01</u>
Special Appropriations (1)	2,078,526.18	-0-	2,078,526.18
Grand Total	<u><u>\$3,355,875.28</u></u>	<u><u>\$2,032,797.91</u></u>	<u><u>\$5,388,673.19</u></u>

(1) Two appropriations by the General Assembly were for the following special purposes:

- a. Persons who retired prior to the inception of the State Retirement System in the amount of \$193,601.18.
- b. The Judicial, Solicitorial and Clerks of Superior Retirement Systems in the amount of \$1,884,925.00.

EXHIBIT B

**STATE OF NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
STATEMENT OF CASH POSITION
June 30, 1977**

Assets

Agency and institution collection deposits (Schedule B-1)	\$ 10,541,181
Treasurer's Clearing accounts (Schedule B-2)	28,114,121
Time deposits (Schedule B-1)	259,163,000
Treasurer's investments (Schedule B-3)	773,500,181
Debt service deposits with fiscal agent (Schedule B-4)	<u>13,311,876</u>
	<u><u>\$1,084,630,359</u></u>

Fund Cash Balances

Disbursing accounts	\$ 187,828,365
Investment Clearing accounts	578,020
General Fund	265,812,488
Special Funds	132,953,315
Highway Funds	214,557,151
Capital Improvement Funds	<u>282,901,020</u>
	<u><u>\$1,084,630,359</u></u>

SCHEDULE B-1

AGENCY AND INSTITUTIONS COLLECTIONS
AND BANK TIME DEPOSITS

June 30, 1977

Unit	Collection Deposits	Time Deposits
Aberdeen, The Carolina Bank	\$ 35,185	\$ 100,000
Aberdeen, First Security Savings & Loan Association		
Ahoskie, The Planters National Bank & Trust Company	11,680	
Ahoskie, Tarheel Bank & Trust Company	13,796	
Ahoskie, Wachovia Bank & Trust Company, N. A.	7,272	
Albemarle, Cabarrus Bank & Trust Company	9,821	
Albemarle, The First National Bank of Albemarle	9,492	1,500,000
Albemarle, North Carolina Savings & Loan Association		100,000
Ansonville, American Bank & Trust Company	10,146	
Asheboro, The First National Bank of Randolph County	10,904	2,550,000
Asheboro, The Planters National Bank & Trust Company	8,022	
Asheboro, Wachovia Bank & Trust Company, N. A.	7,279	
Asheville, The Bank of Asheville	15,639	200,000
Asheville, First Union National Bank of North Carolina	20,320	
Asheville, Western Carolina Bank & Trust Company		850,000
Banner Elk, North Carolina National Bank		100,000
Bath, Southern Bank & Trust Company	2,202	
Bayboro, Wachovia Bank & Trust Company, N. A.	4,667	
Belhaven, Southern Bank & Trust Company		600,000
Belmont, The Bank of Belmont		1,485,000

AGENCY AND INSTITUTIONS COLLECTIONS
AND BANK TIME DEPOSITS

June 30, 1977

Unit	Collection Deposits	Time Deposits
Biscoe, The Fidelity Bank	\$	\$ 141,000
Black Mountain, The Bank of Asheville	14,674	
Black Mountain, The Northwestern Bank	12,111	
Boone, Bank of North Carolina, N. A.	5,431	
Boone, The Northwestern Bank	199,572	
Boone, Watauga Savings & Loan Association		100,000
Booneville, Commercial & Savings Bank		100,000
Brevard, First Union National Bank of North Carolina	12,503	
Burlington, Bank of North Carolina, N. A.	15,102	
Burlington, Burlington Bank & Trust Company		1,100,000
Burlington, The Morris Plan Industrial Bank		300,000
Burlington, The Northwestern Bank		400,000
Burlington, Wachovia Bank & Trust Company, N. A.	14,020	
Burnsville, The Northwestern Bank	12,865	
Butner, Central Carolina Bank & Trust Company	73,045	
Candor, The Bank of Candor	602	
Canton, First Citizens Bank & Trust Company	6,230	
Canton, First Union National Bank of North Carolina	10,789	
Carolina Beach, Bank of North Carolina, N. A.	409	
Cary, Branch Banking & Trust Company	323	
		100,000

SCHEDULE B-1 (Continued)

AGENCY AND INSTITUTIONS COLLECTIONS
AND BANK TIME DEPOSITS

June 30, 1977

Unit	Collection Deposits	Time Deposits
Catawba, Peoples Bank	\$	\$ 1,190,000
Chapel Hill, Central Carolina Bank & Trust Company	341,993	
Chapel Hill, North Carolina National Bank	368,935	
Charlotte, City National Bank		2,750,000
Charlotte, First Citizens Bank & Trust Company	10,483	
Charlotte, Metrolina National Bank		890,000
Charlotte, North Carolina National Bank	206,581	
Cherryville, Cherryville National Bank		500,000
Clayton, First Citizens Bank & Trust Company	2,037	
Clinton, First Citizens Bank & Trust Company	15,787	
Clinton, First Union National Bank of North Carolina	14,768	
Columbia, The East Carolina Bank		140,000
Concord, Citizens National Bank	12,306	600,000
Concord, The Concord National Bank		1,500,000
Concord, First Union National Bank of North Carolina	34	
Concord, Piedmont Bank & Trust Company		400,000
Cornelius, First Union National Bank of North Carolina		286,000
Creswell, The East Carolina Bank	940	
Danbury, The Northwestern Bank	2,469	
Davidson, Piedmont Bank & Trust Company		1,100,000

AGENCY AND INSTITUTIONS COLLECTIONS
AND BANK TIME DEPOSITS

June 30, 1977

Unit	Collection Deposits	Time Deposits
Dobson, The Northwestern Bank	\$ 7,239	\$
Dunn, First Citizens Bank & Trust Company	13,496	
Dunn, Waccamaw Bank & Trust Company	14,979	
Durham, Central Carolina Bank & Trust Company	22,368	3,000,000
Durham, Guaranty State Bank		550,000
Durham, Liberty Bank & Trust Company		800,000
Durham, Mechanics & Farmers Bank	139,439	765,000
Durham, Wachovia Bank & Trust Company, N. A.	20,237	
Eden, The Bank of Eden		500,000
Eden, North Carolina National Bank	12,625	900,000
Eden, Southern National Bank of North Carolina	6,875	
Edenton, Peoples Bank & Trust Company	13,105	
Elizabeth City, First Union National Bank of North Carolina	42,339	
Elizabeth City, Peoples Bank & Trust Company		100,000
Elizabeth City, Wachovia Bank & Trust Company, N. A.	12,010	
Elizabeth City, Wachovia Bank & Trust Company, N. A.	4,890	
Elizabethtown, Bank of North Carolina, N. A.	12,428	
Elizabethtown, Wachovia Bank & Trust Company, N. A.	10,620	
Elkin, The Northwestern Bank		300,000
Elkin, Yadkin Valley Bank & Trust Company		425,000
Englehard, The East Carolina Bank		

SCHEDULE B-1 (Continued)

AGENCY AND INSTITUTIONS COLLECTIONS
AND BANK TIME DEPOSITS

June 30, 1977

Unit	Collection Deposits	Time Deposits
Farmville, First Union National Bank of North Carolina	\$ 9,438	\$ 200,000
Fayetteville, Branch Banking & Trust Company	75,843	
Fayetteville, Cape Fear Bank		1,000,000
Fayetteville, The Cumberland Bank		995,000
Fayetteville, First Citizens Bank & Trust Company	10,986	
Fayetteville, North Carolina National Bank	25,531	
Forest City, Independence National Bank	10,522	
Forest City, The Northwestern Bank	6,971	
Franklin, First Union National Bank of North Carolina	12,217	100,000
Fuquay Varina, The Carolina Bank	2,205	
Gastonia, Carolina State Bank		850,000
Gastonia, First Citizens Bank & Trust Company	206	
Gastonia, Independence National Bank	35,408	3,000,000
Gatesville, Tarheel Bank & Trust Company		650,000
Goldsboro, Branch Banking & Trust Company	28,428	
Goldsboro, First Citizens Bank & Trust Company	21,974	100,000
Goldsboro, Wachovia Bank & Trust Company, N. A.	22,797	
Granite Falls, Bank of Granite		2,000,000
Granite Quarry, Farmers & Merchants Bank		200,000
Greensboro, American Federal Savings & Loan		100,000

AGENCY AND INSTITUTIONS COLLECTIONS
AND BANK TIME DEPOSITS

June 30, 1977

Unit	Collection Deposits	Time Deposits
Greensboro, Community Bank of Carolina	\$	\$ 1,000,000
Greensboro, First Citizens Bank & Trust Company		100,000
Greensboro, First Union National Bank of North Carolina	29,917	900,000
Greensboro, Gateway Bank		1,800,000
Greensboro, Greensboro National Bank	42,463	280,000
Greensboro, North Carolina National Bank	267,151	
Greenville, The First State Bank	9,838	
Greenville, Home Savings & Loan Association		100,000
Greenville, North Carolina National Bank	12,495	450,000
Greenville, The Planters National Bank & Trust Company	11,741	
Greenville, Wachovia Bank & Trust Company, N. A.	246,726	
Halifax, Branch Banking & Trust Company	612	
Havelock, Bank of North Carolina	1,106	
Henderson, North Carolina National Bank	14,943	
Henderson, Southern National Bank of North Carolina	5,192	
Hendersonville, First Union National Bank of North Carolina	15,935	
Hendersonville, The Northwestern Bank	12,869	
Hertford, Peoples Bank & Trust Company	15,703	
Hickory, The First National Bank of Catawba County	10,184	5,700,000
Hickory, The Northwestern Bank	12,993	

SCHEDULE B-1 (Continued)

**AGENCY AND INSTITUTIONS COLLECTIONS
AND BANK TIME DEPOSITS**

June 30, 1977

Unit	Collection Deposits	Time Deposits
Highlands, First Union National Bank of North Carolina	452	
High Point, Central Savings Bank		350,000
High Point, High Point Bank & Trust Company		2,500,000
High Point, North Carolina National Bank	17,289	
High Point, Wachovia Bank & Trust Company, N. A.	11,968	
Jacksonville, Bank of North Carolina, N. A.	7,450	
Jacksonville, First Citizens Bank & Trust Company	9,719	
Jefferson, The Northwestern Bank	10,095	2,000,000
Kannapolis, Cabarrus Bank & Trust Company	15,581	
Kenansville, Waccamaw Bank & Trust Company	4,063	
Kernersville, The Northwestern Bank	14,905	
King, Peoples Bank of North Carolina		100,000
Kinston, First Citizens Bank & Trust Company	30,894	
Kinston, Wachovia Bank & Trust Company, N. A.	13,362	
Laurinburg, Wachovia Bank & Trust Company, N. A.	11,320	
Lenoir, The Bank of Granite	23,410	
Lenoir, Mutual Savings & Loan Association		100,000
Lewiston, Tarheel Bank & Trust Company	3,070	
Lexington, First Union National Bank of North Carolina	15,926	600,000
Lexington, Lexington State Bank	10,003	2,200,000

AGENCY AND INSTITUTIONS COLLECTIONS
AND BANK TIME DEPOSITS
June 30, 1977

Unit	Collection Deposits	Time Deposits
Lillington, Bank of North Carolina, N. A.	\$ 5,626	\$
Lillington, Southern National Bank of North Carolina	8,276	
Lincolnton, Carolina First National Bank	13,333	2,000,000
Lincolnton, First Citizens Bank & Trust Company	11,241	
Lincolnton, First Federal Savings & Loan Association		100,000
Lincolnton, First Southern Savings & Loan Association		100,000
Louisburg, First Citizens Bank & Trust Company	5,990	
Lumberton, First Union National Bank of North Carolina	15,174	
Lumberton, Robeson Savings & Loan Association		100,000
Lumberton, Southern National Bank of North Carolina		8,000,000
Macclesfield, Southern Bank & Trust Company		100,000
Madison, Peoples Bank of North Carolina	6,896	250,000
Madison, The Northwestern Bank	10,183	
Manteo, The East Carolina Bank	78	
Marion, First Union National Bank of North Carolina	12,554	
Marion, North Carolina National Bank		230,000
Marion, The Northwestern Bank	9,371	
Marshall, First Union National Bank of North Carolina	6,689	
Mocksville, Branch Banking & Trust Company	10,529	
Mocksville, Central Carolina Bank & Trust Company	10,646	

SCHEDULE B-1 (Continued)

AGENCY AND INSTITUTIONS COLLECTIONS
AND BANK TIME DEPOSITS

June 30, 1977

Unit	Collection Deposits	Time Deposits
Monroe, American Bank & Trust Company	\$ 7,812	\$ 5,492,000
Monroe, Security Bank & Trust Company	8,552	
Mooreville, Carolina First National Bank	9,952	500,000
Mooreville, Piedmont Bank & Trust Company	12,138	
Morehead City, First Citizens Bank & Trust Company	24,456	
Morehead City, Wachovia Bank & Trust Company, N. A.	12,648	
Morganton, Morganton Savings & Loan Association		100,000
Morganton, North Carolina National Bank	15,008	
Morgan, The Northwestern Bank	97,938	300,000
Morganton, Wachovia Bank & Trust Company, N. A.	75,844	
Mount Airy, The Northwestern Bank	15,516	
Mt. Gilead, Southern National Bank of North Carolina	966	350,000
Mount Olive, Southern Bank & Trust Company		
Mt. Pleasant, Piedmont Bank & Trust Company	1,943	
Murphy, First Union National Bank of North Carolina	6,862	
Murphy, Wachovia Bank & Trust Company, N. A.	7,581	
New Bern, Branch Banking & Trust Company	5,185	
New Bern, First Citizens Bank & Trust Company	5,506	
New Bern, North Carolina National Bank	12,285	
Newton, The First National Bank of Catawba County	22,969	

AGENCY AND INSTITUTIONS COLLECTIONS
AND BANK TIME DEPOSITS

June 30, 1977

Unit	Collection Deposits	Time Deposits
Newton, The Northwestern Bank	\$	\$ 1,000,000
Newton Grove, First Citizens Bank & Trust Company	180	
North Wilkesboro, First Citizens Bank & Trust Company	16,462	
North Wilkesboro, The Northwestern Bank	16,139	17,910,000
Oxford, The Planters National Bank and Trust Company	9,797	
Oxford, The Union National Bank	13,725	
Pembroke, First Union National Bank of North Carolina	42,909	300,000
Pembroke, Lumbee Bank	16,143	
Pilot Mountain, Bank of Pilot Mountain	4,414	200,000
Pilot Mountain, Farmers Bank		
Pineville, American Bank & Trust Company	143	
Plymouth, Branch Banking & Trust Company	4,158	
Plymouth, The Planters National Bank & Trust Company	6,054	
Raeford, The Bank of Raeford	10,586	
Raeford, Raeford Savings & Loan Association		100,000
Raleigh, Carolina Federal Savings & Loan Association		100,000
Raleigh, The Fidelity Bank		655,000
Raleigh, First Citizens Bank & Trust Company	621,521	12,300,000
Raleigh, North Carolina National Bank	525,092	43,000,000
Raleigh, State Bank of Raleigh		1,500,000

SCHEDULE B-1 (Continued)

AGENCY AND INSTITUTIONS COLLECTIONS
AND BANK TIME DEPOSITS

June 30, 1977

Unit	Collection Deposits	Time Deposits
Raleigh, Wachovia Bank & Trust Company, N. A.	\$ 4,772,445	\$
Reidsville, First National Bank of Reidsville		
Reidsville, Wachovia Bank & Trust Company, N. A.	16,036	1,000,000
Roanoke Rapids, The Planters National Bank & Trust Company	14,388	
Robbinsville, Wachovia Bank & Trust Company, N. A.	10,446	
Rockingham, Richmond County Bank	25,375	1,000,000
Rocky Mount, Builders Federal Savings & Loan Association		100,000
Rocky Mount, Citizens Savings & Loan Association		100,000
Rocky Mount, Home Savings & Loan Association		100,000
Rocky Mount, Peoples Bank & Trust Company	22,883	2,250,000
Rocky Mount, The Planters National Bank & Trust Company	13,717	2,500,000
Roxboro, Central Carolina Bank & Trust Company	10,962	
Roxboro, First Union National Bank of North Carolina	12,748	
Roxobel, Southern Bank & Trust Company		100,000
Rural Hall, Commercial Farmers Bank		400,000
Rutherfordton, Independence National Bank	6,151	
Rutherfordton, The Northwestern Bank	7,619	100,000
Saint Pauls, First Union National Bank of North Carolina	5,156	
Salisbury, First Union National Bank of North Carolina	17,037	
Salisbury, Security Bank & Trust Company	14,374	2,000,000

AGENCY AND INSTITUTIONS COLLECTIONS
AND BANK TIME DEPOSITS

June 30, 1977

Unit	Collection Deposits	Time Deposits
Sanford, The Carolina Bank	\$ 17,232	\$ 3,878,000
Sanford, Southern National Bank of North Carolina	11,477	
Sanford, Mid-South Bank & Trust Company		1,200,000
Seven Springs, Southern Bank & Trust Company	3,990	
Shallotte, Waccamaw Bank & Trust Company	10,573	
Shelby, First National Bank	12,329	2,150,000
Shelby, Independence National Bank of North Carolina	17,209	
Siler City, First Union National Bank of North Carolina	10,292	
Smithfield, First Citizens Bank & Trust Company	13,062	
Smithfield, First National Bank of Smithfield	10,670	421,000
Snow Hill, First Citizens Bank & Trust Company	3,365	
Southern Pines, First Union National Bank of North Carolina		300,000
Southern Pines, Southern National Bank & Trust Company	5,643	
Southport, Security Savings & Loan Association		100,000
Southport, Waccamaw Bank & Trust Company	7,454	
Sparta, The Northwestern Bank	5,815	
Spindale, Independence National Bank	3,871	
Spruce Pine, The Northwestern Bank	19,517	
Statesville, North Carolina National Bank	20,796	
Statesville, The Northwestern Bank	10,982	100,000

SCHEDULE B-1 (Continued)

AGENCY AND INSTITUTIONS COLLECTIONS
AND BANK TIME DEPOSITS

June 30, 1977

Unit	Collection Deposits	Time Deposits
Sunbury, Farmers Bank of Sunbury	\$	\$ 370,000
Swansboro, First Citizens Bank & Trust Company	1,068	
Swan Quarter, The East Carolina Bank	620	
Sylva, Wachovia Bank & Trust Company, N. A.	99,761	
Tarboro, Edgecombe Bank & Trust Company	7,781	1,261,000
Tarboro, North Carolina National Bank	7,102	
Taylorsville, The Northwestern Bank	10,584	
Taylorsville, Taylorsville Savings & Loan Association		100,000
Thomasville, North Carolina National Bank	13,530	
Troy, Bank of Montgomery	10,687	
Troy, The Fidelity Bank	5,036	
Tryon, North Carolina National Bank	9,166	140,000
Valdese, Valdese Savings & Loan Association		100,000
Wadesboro, American Bank & Trust Company	9,761	500,000
Wadesboro, The First National Bank of Anson County	6,568	450,000
Wallace, Branch Banking & Trust Company	12,487	
Walnut Cove, Peoples Bank of North Carolina	12,091	100,000
Walnut Cove, The Northwestern Bank	3,946	
Warrenton, Branch Banking and Trust Company	6,129	
Washington, Home Savings and Loan Association		100,000

AGENCY AND INSTITUTIONS COLLECTIONS
AND BANK TIME DEPOSITS

June 30, 1977

Unit	Collection Deposits	Time Deposits
Washington, North Carolina National Bank	\$ 13,423	\$ 234,000
Washington, Seaboard Savings and Loan Association		100,000
Waynesville, First Union National Bank of North Carolina	7,836	
Weaverville, First Union National Bank of North Carolina	1,115	
Weldon, Branch Banking & Trust Company	6,527	
West Jefferson, The First National Bank	13,190	
Whiteville, Peoples Savings & Loan Association		100,000
Whiteville, Southern National Bank of North Carolina	11,486	
Whiteville, Waccamaw Bank & Trust Company	37,639	
Williamston, Branch Banking & Trust Company	12,441	9,500,000
Wilmington, North Carolina National Bank	46,336	
Wilmington, Wachovia Bank & Trust Company, N. A.	19,566	
Wilson, Branch Banking & Trust Company	60,709	19,500,000
Wilson, First Union National Bank of North Carolina	24,445	
Windsor, Southern Bank & Trust Company	5,218	
Winston-Salem, First Union National Bank of North Carolina	20,525	
Winston-Salem, Forsyth Bank & Trust Company		1,550,000
Winston-Salem, North Carolina National Bank	47,362	
Winston-Salem, The Northwestern Bank	17,132	
Winston-Salem, United Citizens Bank		1,500,000

SCHEDULE B-1 (Continued)

AGENCY AND INSTITUTIONS COLLECTIONS
AND BANK TIME DEPOSITS
June 30, 1977

Unit	Collection Deposits	Time Deposits
Winston-Salem, Wachovia Bank & Trust Company, N. A.	\$ 42,366	\$ 56,000,000
Woodland, North Carolina National Bank		275,000
Yadkinville, Central Carolina Bank & Trust Company	7,901	
Yadkinville, The Northwestern Bank		1,000,000
Yanceyville, The Northwestern Bank	13,981	
	<u>\$10,541,181</u>	<u>\$259,163,000</u>

SCHEDULE B-2**TREASURER'S CLEARING ACCOUNTS****June 30, 1977**

Raleigh, Bank of North Carolina, N. A.	\$ 340,895
Raleigh, Branch Banking & Trust Company	1,451,519
Raleigh, Capitol National Bank	649,561
Raleigh, Central Carolina Bank & Trust Company	926,877
Raleigh, First Citizens Bank & Trust Company	5,084,840
Raleigh, First Union National Bank of North Carolina	2,865,939
Raleigh, North Carolina National Bank	5,222,230
Unemployment Benefit Account	1,143,572
Unemployment Clearing Account	157,894
Raleigh, The Planters National Bank & Trust Company	337,870
Raleigh, Southern National Bank	526,650
Raleigh, Wachovia Bank & Trust Company, N. A.	6,595,076
Federal Reserve Bank	2,811,199
	<u>\$28,114,121</u>

SCHEDULE B-3**INVESTMENT OF CASH BALANCES****June 30, 1977**

Repurchase Agreements (due from 7-1-77 to 2-25-77)	\$211,585,000
U. S. Treasury Bills (due from 10-6-77 to 2-7-78)	126,263,148
U. S. Treasury Notes (due from 7-31-77 to 8-31-78)	194,934,689
U. S. Agency Securities (due from 7-5-77 to 6-12-78)	240,717,344
Total	<u>\$773,500,181</u>

SCHEDULE B-4**MATURED BONDS AND COUPONS NOT REPORTED PAID BY FISCAL AGENT****At June 30, 1977**

Principals maturing before July 1, 1976	\$ 12,600
Principal maturing during 1976-77 Fiscal Year	3,079,000
Total matured principal not redeemed	3,091,600
Coupons matured but not redeemed	10,220,276
Total	<u>\$13,311,876</u>

EXHIBIT C

ISSUED AND OUTSTANDING GENERAL OBLIGATION DEBT
At June 30, 1977

General Fund

Public School Facilities Bonds

Issued: May, 1958	\$ 500,000
September, 1965	16,100,000
March, 1966	24,000,000
March, 1967	28,700,000
December, 1974	43,000,000
December, 1975	104,000,000
June, 1976	<u>50,000,000</u>

\$266,300,000

Clean Water Bonds

Issued: December, 1974	27,500,000
December, 1975	15,000,000
June, 1976	<u>25,000,000</u>

67,500,000

Capital and Public Improvement Bonds

Issued: May, 1959	200,000
November, 1959	1,200,000
May, 1960	1,800,000
November, 1960	1,800,000
August, 1961	4,000,000
October, 1963	7,800,000
March, 1966	8,500,000
December, 1971	41,500,000
December, 1976	75,000,000
June, 1977	<u>55,000,000</u>

196,800,000

Total General Fund

530,600,000

Highway Fund

Highway Bonds

Issued: February, 1967	24,000,000
August, 1967	24,000,000
August, 1968	24,000,000
February, 1971	<u>55,000,000</u>

127,000,000

Total General and Highway Funds

\$657,600,000

SCHEDULE C-1**GENERAL OBLIGATION BONDS AUTHORIZED AND UNISSUED****At June 30, 1977**

Clean Water Bonds of 1972	\$40,000,000
Public School Facilities Bonds of 1973	35,000,000
Higher Education Capital Improvement Bonds of 1975	18,267,000
Total	\$93,267,000

Note: Additional bonds were authorized by the General Assembly in June 1977 subject to voter approval:

Clean Water Bonds \$230,000,000; Chapter 677 of 1977 Session Laws

Highway Bonds \$300,000,000; Chapter 643 of 1977 Session Laws.

These bond issues were subsequently approved by the voters in the November, 1977 General Election.

SCHEDULE C-2**ANNUAL DEBT REQUIREMENTS FOR BONDS ISSUED AND OUTSTANDING****At June 30, 1977**

Fiscal Year	GENERAL FUND BONDS		HIGHWAY FUND BONDS	
	Principal	Principal & Interest	Principal	Principal & Interest
1977-78	\$ 23,400,000	\$ 48,907,200	\$ 23,000,000	\$ 27,522,500
1978-79	23,900,000	48,470,000	23,000,000	26,691,000
1979-80	24,800,000	48,391,050	22,000,000	24,861,000
1980-81	26,300,000	48,933,700	17,000,000	19,030,500
1981-82	27,500,000	49,027,550	7,000,000	8,392,000
1982-83	27,800,000	48,122,000	7,000,000	8,142,000
1983-84	29,700,000	48,622,000	7,000,000	7,910,000
1984-85	30,700,000	48,104,500	7,000,000	7,664,000
1985-86	30,500,000	46,293,000	7,000,000	7,417,500
1986-87	29,500,000	43,722,500	5,000,000	5,208,500
1987-88	30,500,000	43,084,000	2,000,000	2,037,500
1988-89	30,500,000	41,464,500		
1989-90	30,500,000	39,919,500		
1990-91	28,500,000	36,430,500		
1991-92	25,500,000	32,035,500		
1992-93	24,500,000	29,706,500		
1993-94	22,500,000	26,489,500		
1994-95	22,500,000	25,327,500		
1995-96	20,500,000	22,240,000		
1996-97	15,000,000	15,785,000		
1997-98	3,000,000	3,180,000		
1998-99	3,000,000	3,060,000		
	<u>\$530,600,000</u>	<u>\$797,316,000</u>	<u>\$127,000,000</u>	<u>\$144,876,500</u>

Note: See Schedule B-4 for matured bonds and coupons unpaid on June 30, 1977.

EXHIBIT D

INVESTMENTS OF TRUST FUNDS

At June 30, 1977

	U. S. Treasury Securities	U. S. Agency Securities	Corporate Bonds
Teachers' and State Employees' Retirement System	\$31,979,095	\$124,318,859	\$1,739,795,646
Local Governmental Employees' Retirement System	3,331,970	12,630,709	270,981,120
North Carolina Fireman's Pension Fund	297,867	1,791,984	9,639,736
Uniform Judicial Retirement System	1,285,054	2,906,381	497,748
Uniform Solicitorial Retirement System	684,617		
Uniform Clerks of Superior Court Retirement System	1,377,457		
North Carolina Employee Disability Fund	3,691,155	12,227,273	
Escheat Fund	1,908,941	7,131,196	399,795
Rodman Trust Fund	100,000		
State Property Fire Insurance Fund	6,607,284	300,202	991,609
Workmen's Compensation Security Fund - Mutual	1,465,551	9,976	
Workman's Compensation Security Fund - Stock	2,041,659	9,973	
Warehouse System	691,188		
State Literary Fund	202,042		
Public School Insurance Fund	9,844,765		
North Carolina Education Assistance Authority Trust Fund	2,848,679		
	<u>\$68,357,324</u>	<u>\$161,326,553</u>	<u>\$2,022,305,654</u>

EXHIBIT D (Continued)

INVESTMENTS OF TRUST FUNDS

At June 30, 1977

GNMA Mortgagee Backed Securities	Other*	Equity Securities	Total	Average Yield
\$83,524,437	\$23,081,665	\$401,100,056	\$2,403,799,758	6.86
7,707,307		44,566,673	339,217,779	7.08
			11,729,587	8.31
			4,689,183	8.03
			684,617	7.65
			1,377,457	6.97
			15,918,428	7.26
			9,439,932	7.11
			100,000	7.87
			7,899,095	6.96
			1,475,527	6.17
			2,051,632	6.35
			691,188	4.98
			202,042	8.65
			9,844,765	5.81
			2,848,679	5.30
<u>\$91,231,744</u>	<u>\$23,081,665</u>	<u>\$445,666,729</u>	<u>\$2,811,969,669</u>	6.89

*Other is composed of several different types of U. S. government guaranteed or insured mortgage notes.

Note: All securities are held by the State Treasurer.

INTEREST RATES OF CERTIFICATES OF DEPOSIT
During 1976-77 Fiscal Year

Date of Change	Rate
May 26, 1976	6.125%
July 15, 1976	5.75
September 9, 1976	5.50
October 18, 1976	5.25
December 7, 1976	5.00
February 1, 1977	5.25
February 21, 1977	5.00
March 2, 1977	5.25
March 21, 1977	5.00
May 3, 1977	5.25
May 12, 1977	5.50

EXHIBIT F

STATEMENT OF SECURITIES HELD IN TRUST

June 30, 1977

Description	Par Value
Securities Held in Safekeeping:	
Atlantic & East Carolina Railroad Company	
Security deposit to insure rental agreement	\$ 50,000.00
Atlantic & North Carolina Railroad Company	
735 shares of Treasury Stock	73,500.00
Department of Agriculture:	
Loans to Warehouses	18,120.00
Department of Human Resources:	
Dorothea Dix Hospital-Patient's Fund	55,000.00
Educational Leave and Grant Notes	280,006.25
Medical Care Commission	5,647,509.73
Department of Public Education:	
Literary Loan Fund	1,224,858.33
Scholarship Loans for Prospective Teachers	4,336,323.80
Scholarship Loans for Prospective Teachers of the Mental Retarded	395,270.33
Department of State Auditor:	
Law Enforcement Officers' Benefit and Retirement Fund	141,307,500.00
Securities Held as Good Faith Deposits	
North Carolina Department of Agriculture	32,500.00
North Carolina Department of Insurance	75,216,183.19
North Carolina Department of Motor Vehicles	228,268.00
North Carolina Department of Revenue	336,500.00
North Carolina Industrial Commission	986,000.00
	<u>\$230,187,539.63</u>

**TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF ASSETS, LIABILITIES AND RESERVE BALANCES
As of December 31, 1976 and 1975**

	<u>December 31, 1976</u>	<u>December 31, 1975</u>
ASSETS		
Cash on deposit with State Treasurer	\$ 1,156,152	\$ (79,262)
Receivables:		
Accounts receivable	23,791,038	20,382,609
Interest receivable	34,360,035	29,106,630
	<u>58,151,073</u>	<u>49,489,239</u>
Investments:		
Fixed income - at amortized cost	1,835,466,826	1,616,567,950
Equities - at cost less reserve for losses	<u>399,871,148</u>	<u>339,557,827</u>
	<u>2,235,337,974</u>	<u>1,956,125,777</u>
Total Assets	<u>\$2,294,645,199</u>	<u>\$2,005,535,754</u>
LIABILITIES AND RESERVE BALANCE		
Current Liabilities:		
Accounts payable	\$ 49,797	\$ 40,702
Reserve Balances:		
Employee Reserves	687,453,060	601,998,694
Annuitant Reserves	910,177,817	813,413,430
Employer Reserves	<u>696,964,525</u>	<u>590,082,928</u>
Total Reserve Balances (Net Assets)	<u>2,294,595,402</u>	<u>2,005,495,052</u>
Total Liabilities and Reserve Balances	<u>\$2,294,645,199</u>	<u>\$2,005,535,754</u>

SCHEDULE G-1

**TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
OF NORTH CAROLINA**

STATEMENT OF CHANGES IN EMPLOYEE RESERVE

For the Years Ended December 31, 1976 and 1975

	1976	1975
Additions:		
Employee Contributions - Regular	\$101,096,783	\$ 87,112,238
Employee Contributions - Other	5,288,344	4,859,050
Interest credited to members' accounts	23,191,132	20,341,106
Transfers From Other Systems	340,778	317,984
Total Additions	<u>129,917,037</u>	<u>112,630,378</u>
Deductions:		
Refunds to members withdrawing	15,739,084	12,632,140
Transfers to Annuitant Reserve	28,723,587	24,675,469
Total Deductions	<u>44,462,671</u>	<u>37,307,609</u>
Net Additions to Reserve	85,454,366	75,322,769
Balance of Reserve at January 1	<u>601,998,694</u>	<u>526,675,925</u>
Balance of Reserve at December 31	<u>\$687,453,060</u>	<u>\$601,998,694</u>

**TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
OF NORTH CAROLINA**

STATEMENT OF CHANGES IN ANNUITANT RESERVE

For the Years Ended December 31, 1976 and 1975

	1976	1975
Additions:		
Transfers from Employee Reserve	\$ 28,723,587	\$ 24,675,469
Transfers from Employer Reserve	117,693,278	158,946,179
Investment Income	43,089,781	36,179,112
Retired members' contributions for Military service, etc.	<u>34,599</u>	<u>59,930</u>
Total Additions	<u>189,541,245</u>	<u>219,860,690</u>
Deductions:		
Monthly payments to beneficiaries	91,864,612	75,645,120
Other payments to beneficiaries	<u>912,246</u>	<u>736,059</u>
Total Deductions	<u>92,776,858</u>	<u>76,381,179</u>
Net Additions to Reserve	96,764,387	143,483,261
Balance of Reserve at January 1	<u>813,413,430</u>	<u>669,930,169</u>
Balance of Reserve at December 31	<u><u>\$910,177,817</u></u>	<u><u>\$813,413,430</u></u>

SCHEDULE G-3

**TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN EMPLOYER RESERVE
For the Year Ended December 31, 1976 and 1975**

	1976	1975
Additions:		
Employer Contributions - Regular	\$153,787,593	\$142,208,590
Employer Contributions - Other	1,376,175	218,855
Investment Income	74,104,652	57,852,976
Other	<u>355,534</u>	<u>261,210</u>
Total Additions	<u>229,623,954</u>	<u>200,541,631</u>
Deductions:		
Transfers to Annuitant Reserve	117,693,278	158,946,179
Death benefits payable under G. S. 135-5(1)	3,609,080	2,817,198
Administrative Expenses	1,323,939	1,293,615
Other	<u>116,060</u>	<u>414,254</u>
Total Deductions	<u>122,742,357</u>	<u>163,471,246</u>
Net Additions to Reserve	106,881,597	37,070,385
Balances of Reserve at January 1	<u>590,082,928</u>	<u>553,012,543</u>
Balance of Reserve at December 31	<u><u>\$696,964,525</u></u>	<u><u>\$590,082,928</u></u>

SCHEDULE G-4

VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE TEACHERS' AND STATE
EMPLOYEES' RETIREMENT SYSTEM OF NORTH CAROLINA
AS OF DECEMBER 31, 1976

ASSETS

Present assets of system creditable to:

Annuity Savings Fund	\$	687,453,110
Pension Accumulation Fund		<u>1,607,147,087</u>

Total Present Assets	\$	2,294,600,197
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Present value of future contributions by members		1,174,433,638
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Prospective contributions to the
pension Accumulation Fund:

Normal contributions	\$	867,123,624
Accrued liability contributions		<u>954,022,348</u>

Total Prospective Contributions		<u>1,821,145,972</u>
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Total Assets	\$	5,290,179,807
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LIABILITIES

Present value of past and future contri- butions by members to the Annuity Savings Fund	\$	1,861,886,748
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Present value of benefits payable on account of beneficiaries or their dependents now drawing allowances from the Pension Accumulation Fund		910,177,817
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Present value of benefits to active members to be paid by contributions of the State and other employers into the Pension Accumulation Fund		2,340,144,236
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Reserve for future increases in retirement allowances		<u>177,971,006</u>
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Total Liabilities	\$	5,290,179,807
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NORTH CAROLINA LOCAL GOVERNMENTAL EMPLOYEES'
RETIREMENT SYSTEM
STATEMENT OF ASSETS, LIABILITIES AND RESERVE BALANCES
As of December 31, 1976 and 1975

	<u>December 31, 1976</u>	<u>December 31, 1975</u>
ASSETS		
Cash on deposit with State Treasurer	\$ 902,363	\$ 1,161,626
Receivables:		
Accounts receivable	3,730,847	3,125,739
Interest receivable	4,983,991	4,358,216
	<u>8,714,838</u>	<u>7,483,955</u>
Investments:		
Fixed income - at amortized cost	270,686,117	235,144,252
Equities - at cost less reserve for losses	<u>44,430,128</u>	<u>37,728,648</u>
	<u>315,116,245</u>	<u>272,872,900</u>
Total Assets	<u>\$324,733,446</u>	<u>\$281,518,481</u>
LIABILITIES AND RESERVE BALANCE		
Current Liabilities:		
Accounts payable	\$ 4,375	\$ 17,396
Reserve Balances:		
Employee Reserves	95,315,981	79,556,020
Annuitant Reserves	89,831,327	72,629,530
Employer Reserves	<u>139,581,763</u>	<u>129,315,535</u>
Total Reserve Balances (Net Assets)	<u>324,729,071</u>	<u>281,501,085</u>
Total Liabilities and Reserve Balances	<u>\$324,733,446</u>	<u>\$281,518,481</u>

**NORTH CAROLINA LOCAL GOVERNMENTAL EMPLOYEES'
RETIREMENT SYSTEM**

STATEMENT OF CHANGES IN EMPLOYEE RESERVE

For the Years Ended December 31, 1976 and 1975

	1976	1975
Additions:		
Employee Contributions - Regular	\$19,476,784	\$16,459,289
Employee Contributions - Other	214,575	419,093
Interest credited to members' accounts	3,044,830	2,549,798
Transfers from other systems	339,895	415,813
Total Additions	<u>23,076,084</u>	<u>19,843,993</u>
Deductions:		
Refunds to members withdrawing	4,494,270	5,243,866
Transfers to Annuitant Reserve	2,821,853	2,537,237
Total Deductions	<u>7,316,123</u>	<u>7,781,103</u>
Net Additions to Reserve	15,759,961	12,062,890
Balance of Reserve at January 1	<u>79,556,020</u>	<u>67,493,130</u>
Balance of Reserve at December 31	<u>\$95,315,981</u>	<u>\$79,556,020</u>

SCHEDULE H-2

NORTH CAROLINA LOCAL GOVERNMENTAL EMPLOYEES'
RETIREMENT SYSTEM
STATEMENT OF CHANGES IN ANNUITANT RESERVE
For the Years Ended December 31, 1976 and 1975

	1976	1975
Additions:		
Transfers from Employee Reserve	\$ 2,821,853	\$ 2,537,237
Transfers from Employer Reserve	19,090,894	12,806,101
Investment Income	4,061,521	3,344,332
Retired Members' Contributions for Military Service, etc.	<u>735</u>	<u>3,622</u>
Total Additions	<u>25,975,003</u>	<u>18,691,292</u>
Deductions:		
Monthly payments to beneficiaries	8,688,980	7,098,459
Other payments to beneficiaries	<u>84,226</u>	<u>107,044</u>
Total Deductions	<u>8,773,206</u>	<u>7,205,503</u>
Net Additions to Reserve	17,201,797	11,485,789
Balance of Reserve at January 1	<u>72,629,530</u>	<u>61,143,741</u>
Balance of Reserve at December 31	<u><u>\$89,831,327</u></u>	<u><u>\$72,629,530</u></u>

SCHEDULE H-3

NORTH CAROLINA LOCAL GOVERNMENTAL EMPLOYEES'
RETIREMENT SYSTEM
STATEMENT OF CHANGES IN EMPLOYER RESERVE
For the Years Ended December 31, 1976 and 1975

	1976	1975
Additions:		
Employer Contributions - Regular	\$ 17,389,593	\$ 15,179,232
Employer Contributions - Other	43,062	271,007
Investment Income	13,098,410	10,906,532
Other	109,107	185,565
Total Additions	<u>30,640,172</u>	<u>26,542,336</u>
Deductions:		
Transfers to Annuitant Reserve	19,090,894	12,806,101
Death benefits payable under G. S. 128-27(1)	718,015	726,861
Administrative Expenses	290,666	253,618
Other	274,369	2,601,019
Total Deductions	<u>20,373,944</u>	<u>16,387,599</u>
Net Addition to Reserve	10,266,228	10,154,737
Balances of Reserve at January 1	<u>129,315,535</u>	<u>119,160,798</u>
Balance of Reserve at December 31	<u><u>\$139,581,763</u></u>	<u><u>\$129,315,535</u></u>

SCHEDULE H-4

VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE
NORTH CAROLINA LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
PREPARED AS OF DECEMBER 31, 1976

ASSETS

Present assets of system creditable to:

Annuity Savings Fund	\$ 95,315,981
Pension Accumulation Fund	<u>229,408,249</u>

Total present assets	\$ 324,724,230
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Present value of future contributions by members	\$ 199,424,285
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Prospective contributions by
participating employers to the
Pension Accumulation Fund:

Normal contributions	\$ 105,751,502
Accrued liability contributions	<u>70,888,403</u>

Total prospective contributions	<u>176,639,905</u>
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Total Assets	\$ 700,788,420
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LIABILITIES

Present value of benefits on account of past and future contributions of members to the Annuity Savings Fund	\$ 294,740,266
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Present value of benefits payable on account of retired members and bene- ficiaries now drawing allowances - from the Pension Accumulation Fund	89,831,327
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Present value of benefits to active members to be paid by contributions of the participating employers into the Pension Accumulation Fund	312,409,829
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Reserve held for future increases to retired members and beneficiaries	<u>3,806,998</u>
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Total Liabilities	\$ 700,788,420
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**UNIFORM JUDICIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF ASSETS, LIABILITIES AND RESERVE BALANCES
As of December 31, 1976 and 1975**

	<u>December 31, 1976</u>	<u>December 31, 1975</u>
Cash on deposit with State Treasurer	\$ 118,929	\$ 117,588
Receivables:		
Accounts receivable	27,503	25,432
Interest receivable	92,799	85,178
	<u>120,302</u>	<u>110,610</u>
Investments:		
Fixed income - at amortized cost	4,689,350	3,537,499
Total Assets	<u>\$4,928,581</u>	<u>\$3,765,697</u>
 LIABILITIES AND RESERVE BALANCE		
Reserve Balances		
Employee Reserves	\$1,357,356	\$1,078,164
Annuitant Reserves	6,197,070	6,173,191
Employer Reserves	(2,625,845)	(3,485,658)
Total Reserve Balances (Net Assets)	<u>4,928,581</u>	<u>3,765,697</u>
Total Liabilities and Reserve	<u>\$4,928,581</u>	<u>\$3,765,697</u>

SCHEDULE I-1

**UNIFORM JUDICIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN EMPLOYER RESERVE
For the Years Ended December 31, 1976 and 1975**

	1976	1975
Additions:		
Employee Contributions - Regular	\$ 311,743	\$ 304,485
Employee Contributions - Other	1	7,654
Interest credited to member's accounts	42,265	29,930
Transfers from other systems	-0-	-0-
Total Additions	<u>354,009</u>	<u>342,069</u>
Deductions:		
Refunds to members withdrawing	18,623	6,165
Transfers to Annuitant Reserve	<u>56,194</u>	<u>60,250</u>
Total Deductions	<u>74,817</u>	<u>66,415</u>
Net Additions to Reserve	279,192	275,654
Balance of Reserve at January 1	<u>1,078,164</u>	<u>802,510</u>
Balance of Reserve at December 31	<u><u>\$1,357,356</u></u>	<u><u>\$1,078,164</u></u>

SCHEDULE I-2

**UNIFORM JUDICIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN ANNUITANT RESERVE
For the Years Ended December 31, 1976 and 1975**

	1976	1975
Additions:		
Transfers from Employee Reserve	\$ 56,194	\$ 60,250
Transfers from Employer Reserve	414,070	1,798,778
Investment Income	309,257	273,957
Retired members contributions for Military service, etc.	<u>-0-</u>	<u>-0-</u>
Total Additions	<u>779,521</u>	<u>2,132,985</u>
Deductions:		
Monthly payments to beneficiaries	748,301	744,896
Other payments to beneficiaries	<u>7,341</u>	<u>-0-</u>
Total Deductions	<u>755,642</u>	<u>744,896</u>
Net Additions to Reserve	23,879	1,388,089
Balance of Reserve at January 1	<u>6,173,191</u>	<u>4,785,102</u>
Balance of Reserve at December 31	<u>\$6,197,070</u>	<u>\$6,173,191</u>

SCHEDULE 1-3

**UNIFORM JUDICIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN EMPLOYER RESERVE
For the Years Ended December 31, 1976 and 1975**

	1976	1975
Additions:		
Employer Contributions - Regular	\$ 1,384,410	\$ 1,384,410
Employer Contributions - Other	-0-	124,757
Investment Income	(19,451)	(70,809)
Other	-0-	50
Total Additions	<u>\$ 1,364,959</u>	<u>\$ 1,438,408</u>
Deductions:		
Transfers to Annuitant Reserve	414,070	1,798,778
Death benefits payable payable under G. S. 135-63	87,260	-0-
Administrative Expenses	3,816	-0-
Other	-0-	-0-
Total Deductions	<u>505,146</u>	<u>1,798,778</u>
Net Addition to Reserve	859,813	(360,370)
Balances of Reserve at January 1	<u>(3,485,658)</u>	<u>(3,125,288)</u>
Balance of Reserve at December 31	<u><u>\$(2,625,845)</u></u>	<u><u>\$(3,485,658)</u></u>

SCHEDULE I-4

VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE NORTH CAROLINA UNIFORM
JUDICIAL RETIREMENT SYSTEM
AS OF DECEMBER 31, 1976

ASSETS

Present assets of system creditable to:

Annuity Savings Fund	\$ 1,357,356
Pension Accumulation Fund	<u>3,571,225</u>

Total Present Assets	\$	4,928,581
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Present value of future contributions by members		3,839,220
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Prospective contributions to the
Pension Accumulation Fund:

Normal contributions	\$ 9,949,979
Accrued liability contributions	<u>13,449,929</u>

Total Prospective Contributions		<u>23,399,908</u>
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Total Assets	\$	<u>32,167,709</u>
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LIABILITIES

Present value of past and future contri- butions by members to the Annuity Savings Fund	\$	5,196,576
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Present value of benefits payable on account of beneficiaries or their dependents now drawing allowances from the Pension Accumulation Fund		6,197,070
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Present value of benefits to active members to be paid by contributions of the State into the Pension Accumulation Fund		19,777,598
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Reserve for future increases in retirement allowances		<u>996,465</u>
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Total Liabilities	\$	<u>32,167,709</u>
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March 23, 1978

**UNIFORM SOLICITORIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF ASSETS, LIABILITIES AND RESERVE BALANCES
As of December 31, 1976 and 1975**

	<u>December 31, 1976</u>	<u>December 31, 1975</u>
<u>ASSETS</u>		
Cash on deposit with State Treasurer	<u>\$ 12,382</u>	<u>\$ 44,643</u>
Receivables:		
Accounts receivable	4,554	4,301
Interest receivable	<u>19,817</u>	<u>8,898</u>
	<u>24,371</u>	<u>13,199</u>
Investments:		
Fixed income - at amortized cost	<u>682,694</u>	<u>489,158</u>
Total Assets	<u><u>\$719,447</u></u>	<u><u>\$547,000</u></u>
LIABILITIES AND RESERVE BALANCE		
Reserve Balances:		
Employee Reserves	\$290,964	\$247,026
Annuitant Reserves	573,144	555,694
Employer Reserves	<u>(144,661)</u>	<u>(255,720)</u>
Total Reserve Balances (Net Assets)	<u>719,447</u>	<u>547,000</u>
Total Liabilities and Reserve Balances	<u><u>\$719,447</u></u>	<u><u>\$547,000</u></u>

SCHEDULE J-1

**UNIFORM SOLICITORIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN EMPLOYEE RESERVE
For the Years Ended December 31, 1976 and 1975**

	1976	1975
Additions:		
Employee Contributions - Regular	\$ 51,499	\$ 49,410
Employee Contributions - Other	5	6,030
Interest credited to members' accounts	9,825	8,423
Transfers From Other Systems	-0-	-0-
Total Additions	<u>61,329</u>	<u>63,863</u>
Deductions:		
Refunds to members withdrawing	17,391	12,272
Transfers to Annuitant Reserve	-0-	49,430
Total Deductions	<u>17,391</u>	<u>61,702</u>
Net Additions to Reserve	43,938	2,161
Balance of Reserve at January 1	<u>247,026</u>	<u>244,865</u>
Balance of Reserve at December 31	<u><u>\$290,964</u></u>	<u><u>\$247,026</u></u>

SCHEDULE J-2

**UNIFORM SOLICITORIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN ANNUITANT RESERVE
For the Years Ended December 31, 1976 and 1975**

	1976	1975
Additions:		
Transfers from Employee Reserve	\$ -0-	\$ 49,430
Transfers from Employer Reserve	36,349	444,390
Investment Income	28,221	15,675
Retired members' contributions for Military service, etc.	<u>-0-</u>	<u>-0-</u>
Total Additions	<u>64,570</u>	<u>509,495</u>
Deductions:		
Monthly payments to beneficiaries	47,120	25,114
Other payments to beneficiaries	<u>-0-</u>	<u>-0-</u>
Total Deductions	<u>47,120</u>	<u>25,114</u>
Net Additions to Reserve	17,450	484,381
Balance of Reserve at January 1	<u>555,694</u>	<u>71,313</u>
Balance of Reserve at December 31	<u><u>\$573,144</u></u>	<u><u>\$555,694</u></u>

**UNIFORM SOLICITORIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN EMPLOYER RESERVE
For the Years Ended December 31, 1976 and 1975**

	1976	1975
Additions:		
Employer Contributions - Regular	\$ 172,500	\$ 172,500
Employer Contributions - Other	-0-	36,248
Investment Income	4,563	(15,201)
Other	-0-	50
Total Additions	<u>177,063</u>	<u>193,597</u>
Deductions:		
Transfers to Annuitant Reserve	36,349	444,390
Death benefits payable under G. S. 135-63	28,380	-0-
Administrative Expenses	1,275	-0-
Other	-0-	-0-
Total Deductions	<u>66,004</u>	<u>444,390</u>
Net Addition To Reserve	111,059	(250,793)
Balances of Reserve at January 1	<u>(255,720)</u>	<u>(4,927)</u>
Balance of Reserve at December 31	<u><u>\$ (144,661)</u></u>	<u><u>\$ (255,720)</u></u>

SCHEDULE J-4

VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE NORTH CAROLINA UNIFORM
SOLICITORIAL RETIREMENT SYSTEM
AS OF DECEMBER 31, 1976

ASSETS

Present assets of system creditable to:

Annuity Savings Fund	\$ 290,903
Pension Accumulation Fund	<u>428,484</u>

Total Present Assets	\$	719,387
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Present value of future contributions
by members

729,802

Prospective contributions to the
Pension Accumulation Fund:

Normal contributions	\$ 1,721,121
Accrued liability contributions	<u>1,354,533</u>

Total Prospective Contributions		<u>3,075,654</u>
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Total Assets	\$	<u>4,524,843</u>
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LIABILITIES

Present value of past and future contri-
butions by members to the Annuity
Savings Fund

\$ 1,020,705

Present value of benefits payable on account
of beneficiaries or their dependents now
drawing allowances from the Pension
Accumulation Fund

573,144

Present value of benefits to active members
to be paid by contributions of the State
into the Pension Accumulation Fund

2,930,994

Total Liabilities

\$ 4,524,843

March 23, 1978

**UNIFORM CLERKS OF SUPERIOR COURT RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF ASSETS, LIABILITIES AND RESERVE BALANCES
As of December 31, 1976 and 1975**

ASSETS	December 31, 1976	December 31, 1975
	<u>Dollars</u>	<u>Dollars</u>
Cash on deposit with State Treasurer	\$ 49,900	\$155,760
Receivables:		
Accounts receivable	7,980	7,615
Interest receivable	33,377	13,347
	<u>41,357</u>	<u>20,962</u>
Investments		
Fixed income - at amortized cost	1,277,783	733,736
Total Assets	<u>\$1,369,040</u>	<u>\$910,458</u>
LIABILITIES AND RESERVE BALANCE		
Reserve Balances:		
Employee Reserves	622,547	533,731
Annuitant Reserves	470,868	-0-
Employer Reserves	275,625	376,727
Total Reserve Balances (Net Assets)	<u>1,369,040</u>	<u>910,458</u>
Total Liabilities and Reserve Balances	<u>\$1,369,040</u>	<u>\$910,458</u>

SCHEDULE K-1

**UNIFORM CLERKS OF SUPERIOR COURT RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN EMPLOYEE RESERVE
For the Years Ended December 31, 1976 and 1975**

	1976	1975
Additions:		
Employee Contributions - Regular	\$ 93,665	\$ 45,703
Employee Contributions - Other	9,079	5,290
Interest credited to members' accounts	20,433	5,685
Transfers From Other Systems	<u>3,663</u>	<u>477,053</u>
Total Additions	<u>126,840</u>	<u>533,731</u>
Deductions:		
Refunds to members withdrawing	-0-	-0-
Transfers to Annuitant Reserve	<u>38,024</u>	<u>-0-</u>
Total Deductions	<u>38,024</u>	<u>-0-</u>
Net Additions to Reserve	88,816	533,731
Balance of Reserve at January 1	<u>533,731</u>	<u>-0-</u>
Balance of Reserve at December 31	<u><u>\$622,547</u></u>	<u><u>\$533,731</u></u>

**UNIFORM CLERKS OF SUPERIOR COURT RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN ANNUITANT RESERVE
For the Years Ended December 31, 1976 and 1975**

	1976	1975
Additions:		
Transfers from Employee Reserve	\$ 38,024	\$ -0-
Transfers from Employer Reserve	451,617	-0-
Investment Income	11,772	-0-
Retired members' contributions for Military service, etc.	<u>-0-</u>	<u>-0-</u>
Total Additions	<u>501,413</u>	<u>-0-</u>
Deductions:		
Monthly payments to beneficiaries	30,545	-0-
Other payments to beneficiaries	<u>-0-</u>	<u>-0-</u>
Total Deductions	<u>30,545</u>	<u>-0-</u>
Net Additions to Reserve		-0-
Balance of Reserve at January 1	<u>-0-</u>	<u>-0-</u>
Balance of Reserve at December 31	<u><u>\$470,868</u></u>	<u><u>-0-</u></u>

SCHEDULE K-3

**UNIFORM CLERKS OF SUPERIOR COURT RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN EMPLOYER RESERVE
For the Years Ended December 31, 1976 and 1975**

	1976	1975
Additions:		
Employer Contributions - Regular	\$328,015	\$369,015
Employer Contributions - Other	0-	0-
Investment Income	39,240	7,662
Other	75	50
Total Additions	<u>367,330</u>	<u>376,727</u>
Deductions:		
Transfer to Annuitant Reserve	451,617	0-
Death benefits payable under G. S. 135-63	15,000	0-
Administrative Expenses	1,815	0-
Other	0-	0-
Total Deductions	<u>468,432</u>	<u>0-</u>
Net Addition to Reserve	<u>(101,102)</u>	<u>376,727</u>
Balances of Reserve at January 1	<u>376,727</u>	<u>0-</u>
Balance of Reserve at December 31	<u><u>\$275,625</u></u>	<u><u>\$376,727</u></u>

VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE NORTH CAROLINA UNIFORM
CLERKS OF SUPERIOR COURT RETIREMENT SYSTEM
AS OF DECEMBER 31, 1976

ASSETS

Present assets of system creditable to:

Annuity Savings Fund	\$	622,546
Pension Accumulation Fund		746,494

Total Present Assets	\$	1,369,040
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Present value of future contributions by members		967,801
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Prospective contributions to the
Pension Accumulation Fund:

Normal contributions	\$	2,508,215
Accrued liability contributions		3,119,478

Total Prospective Contributions		5,627,693
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Total Assets	\$	7,964,534
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LIABILITIES

Present value of past and future contri- butions by members to the Annuity Savings Fund	\$	1,590,347
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Present value of benefits payable on account of beneficiaries or their dependents now drawing allowances from the Pension Accumulation Fund		470,868
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Present value of benefits to active members to be paid by contributions of the State into the Pension Accumulation Fund		5,903,319
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Total Liabilities	\$	7,964,534
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March 23, 1978

EXHIBIT L

NORTH CAROLINA LEGISLATIVE RETIREMENT FUND
STATEMENT OF ASSETS, LIABILITIES AND RESERVE BALANCES
As of December 31, 1976 and 1975

	<u>December 31, 1976</u>	<u>December 31, 1975</u>
ASSETS		
Cash on deposit with State Treasurer	<u>\$46,491</u>	<u>\$48,686</u>
Total Assets	<u>\$46,491</u>	<u>\$48,686</u>
LIABILITIES, RESERVE AND FUND BALANCE		
Liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>
Reserve for Contributions	44,362	47,730
Fund Balance	<u>2,129</u>	<u>956</u>
Total Liabilities, Reserve and Fund Balance	<u>\$46,491</u>	<u>\$48,686</u>

SCHEDULE L-1

NORTH CAROLINA LEGISLATIVE RETIREMENT FUND
STATEMENT OF CHANGES IN THE FUND BALANCE
As of December 31, 1976 and 1975

	1976	1975
Additions:		
Reimbursement from Legislative Services Commission	\$ 97,746	\$92,113
Transfers from Reserve for Contributions	<u>5,604</u>	<u>5,846</u>
Total Additions	<u>103,350</u>	<u>97,959</u>
Deductions:		
Monthly payments to Beneficiaries	99,800	94,950
Transfers to Reserve for Contributions for Interest Earned	1,777	2,488
Administrative Expenses	<u>600</u>	<u>600</u>
Total Deductions	<u>102,177</u>	<u>98,038</u>
Net Additions to Fund Balance	1,173	(79)
Fund Balance at January 1	<u>956</u>	<u>1,035</u>
Fund Balance at December 31	<u><u>\$ 2,129</u></u>	<u><u>\$ 956</u></u>

EXHIBIT M

NORTH CAROLINA EMPLOYEE DISABILITY FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 As of December 31, 1976 and 1975

	<u>December 31, 1976</u>	<u>December 31, 1975</u>
ASSETS		
Cash on deposit with State Treasurer	\$ 314,860	\$ 344,095
Investments	<u>16,021,816</u>	<u>16,013,701</u>
Receivables:		
Accrued Interest Receivable	259,287	246,561
Due from beneficiaries for Overpayment	<u>38,036</u>	<u>21,596</u>
Total Receivables	<u>297,323</u>	<u>268,157</u>
Total Assets	<u><u>\$16,633,999</u></u>	<u><u>\$16,625,953</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities	\$ -0-	\$ -0-
Fund Balance	<u>16,633,999</u>	<u>16,625,953</u>
Total Liabilities and Fund Balances	<u><u>\$16,633,999</u></u>	<u><u>\$16,625,953</u></u>

NORTH CAROLINA EMPLOYEE DISABILITY FUND
STATEMENT OF CHANGES IN THE FUND BALANCE
For the Years Ended December 31, 1976 and 1975

	1976	1975
Additions:		
Employer Contributions	\$ -0-	\$ 2,973,525
Investment Income	<u>1,237,545</u>	<u>1,128,826</u>
Total Additions	<u>1,237,545</u>	<u>4,102,351</u>
Deductions:		
Benefit Payments	<u>1,229,499</u>	<u>995,085</u>
Total Deductions	<u>1,229,499</u>	<u>995,085</u>
Net Additions to Fund	8,046	3,107,266
Balance of Fund at January 1	<u>16,625,953</u>	<u>13,518,687</u>
Balance of Fund at December 31	<u><u>\$16,633,999</u></u>	<u><u>\$16,625,953</u></u>

SCHEDULE M-2

VALUATION BALANCE SHEET AS OF DECEMBER 31, 1976

ASSETS

Present assets	\$ 16,633,999
Present value of prospective contributions	<u>-0-</u>
Total Assets	<u>\$ 16,633,999</u>

LIABILITIES

Present value of reported and approved claim liabilities	\$ 3,213,098
Present value of pending claim liabilities	2,763,161
Present value of incurred but unreported claim liabilities	<u>1,431,000</u>
Total claim liabilities	\$ 7,407,259
Reserve Against Future Employer Contributions	<u>9,226,740</u>
Total Liabilities	<u>\$ 16,633,999</u>

EXHIBIT N

NORTH CAROLINA PUBLIC EMPLOYEES' SOCIAL SECURITY AGENCY
STATEMENT OF ASSETS AND LIABILITIES
 As of December 31, 1976

ASSETS

Cash on deposit with State Treasurer	\$ 25,164,787
Total Assets	<u>\$ 25,164,787</u>

LIABILITIES

Advance Payments by State Agencies	\$ 25,029,787
Advance Payments by Cities and Counties	134,414
Due to Units for Small Balance Adjustments	585
Total Liabilities	<u>\$ 25,164,787</u>

SCHEDULE N-1

STATEMENT OF RECEIPTS AND EXPENDITURES
 For the Year Ended December 31, 1976

	1976
Additions:	
Contributions deducted from payroll and employer matching	\$270,994,779
Total Additions	<u>\$270,994,779</u>
Deductions:	
Payments to United States Treasurer	273,171,884
Refunds to Member Units	98,262
Total Deductions	<u>273,270,146</u>
Net Additions	(2,275,367)
Cash on deposit with State Treasurer at January 1	<u>27,440,154</u>
Cash on deposit with State Treasurer at December 31	<u>\$ 25,164,787</u>

SUMMARY OF STATE AND LOCAL GOVERNMENT DEBT AND AUTHORIZATIONS

At June 30, 1977

	General Obligation Bonds	Revenue Bonds	Total Outstanding Debt	Authorized and Unissued Bonds
State	\$ 657,600,000	\$ 1,860,000	\$ 659,460,000	\$ 93,267,000
State Authorities and Institutions	<u>657,600,000</u>	<u>164,863,867</u>	<u>164,863,867</u>	
		<u>166,723,867</u>	<u>824,323,867</u>	<u>93,267,000</u>
Counties	675,880,858	102,167,000	778,047,858	99,273,000
Cities and Towns	714,025,896	10,673,000	724,698,896	148,688,000
Other Political Subdivisions	<u>30,839,000</u>	<u>17,445,000</u>	<u>48,284,000</u>	<u>5,870,000</u>
	<u>1,420,745,754</u>	<u>130,285,000</u>	<u>1,551,030,754</u>	<u>253,831,000</u>
	<u>\$2,078,345,754</u>	<u>\$297,008,867</u>	<u>\$2,375,354,621</u>	<u>\$347,098,000</u>

Note: This schedule does not include Bond Anticipation Notes.

**DEPARTMENT OF STATE TREASURER
ESCHEAT FUND
BALANCE SHEET
June 30, 1977**

ASSETS

Cash	\$ 684,134
Investments (see Exhibit D)	9,439,932
Accrued Interest Receivable	13,004
Advances to State Educational Assistance Authority	116,076
Total Assets	<u>\$10,253,146</u>

LIABILITIES, RESERVES AND FUND BALANCE

Due to State Educational Assistance Authority	\$ 561,159
Reserve for Escheats Subject to Refund	9,691,975
Fund Balance	12
Total Liabilities, Reserve and Fund Balance	<u>\$10,253,146</u>

SCHEDULE P-1

**STATEMENT OF INCOME AND CHANGES IN FUND BALANCE
For Fiscal Year Ended June 30, 1977**

Revenue from Investments	\$ 592,340
Less Administrative Expenses	<u>31,181</u>
Net Income for Year	561,159
Fund Balance at Beginning of Year	12
	<u>561,171</u>
Less Transfer to State Educational Assistance Authority	<u>561,159</u>
Fund Balance at End of Year	<u>\$ 12</u>

SCHEDULE P-2

**STATEMENT OF CHANGES IN RESERVE FOR
ESCHEATS SUBJECT TO REFUND
For Fiscal Year Ended June 30, 1977**

Balance in Reserve at beginning of year	\$7,716,467
Increases:	
Escheats received	<u>2,115,207</u>
	9,831,674
Decreases:	
Refunds of Escheats	<u>139,699</u>
Balance in Reserve	<u><u>\$9,691,975</u></u>

NOTES

1. The first part of the paper is devoted to a discussion of the general principles of the theory of the structure of the atom.

2. The second part of the paper is devoted to a discussion of the general principles of the theory of the structure of the atom.

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16. The sixteenth part of the paper is devoted to a discussion of the general principles of the theory of the structure of the atom.

17. The seventeenth part of the paper is devoted to a discussion of the general principles of the theory of the structure of the atom.

18. The eighteenth part of the paper is devoted to a discussion of the general principles of the theory of the structure of the atom.

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